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Rethinking Latin American Development and its Link with Neoliberalism

A Foucauldian analysis of the beginnings of the G77

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Declaration

Declaration in accordance with University regulations.

I hereby declare that this thesis, titled 'Rethinking Latin American development and its link with neoliberalism. A Foucauldian analysis of the beginnings of the G77' has been composed completely by myself and that the work contained herein is my own except where explicitly stated otherwise in the text. This work has not been submitted for any other degree or personal qualification.

Ayleen D. Gonzalez-Hernandez

To

God, who gave me the most beautiful family that anyone can have, who gave me the opportunity to acquire new knowledge, who allowed me to know beautiful people, who provided me with the resources needed to follow this enterprise. In general, who gave me the life and allow me to enjoy it in any place and time.

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Abstract

Nowadays, the G77 is a key factor in North-South negotiations at the UN to achieve global commitments. On the understanding that neoliberalism is an economic rationale that strongly influences the relationship between North and South, this research explores the influence of a primordial neoliberalism in Latin American interest in taking part in the G77 at the First United Nations Conference on Trade and Development (UNCTAD).

Utilising the ideas of Michel Foucault to analyse discourses of the Economic Commission for Latin America (ECLA) since its incorporation into the G77 establishment, this work claims that the neoliberal rationale in part lies behind the mechanism that leads Latin American countries to take part in the G77 at the UNCTAD I. This mechanism is the need for development and the consequent concept of “developing country” reinforced by the G77 at the UN negotiations.

In particular, the lack of natural resources in international markets due to the world wars produced the need for surveillance of non-industrialised countries. This surveillance, called here “Police of Development”, was supported by knowledge of natural resources provided by the ECLA, and reinforced the differentiation of countries. This differentiation promoted the need for industrialisation and the need for development. Thus, in a context of lack of financing and deterioration of the international terms of trade of natural resources, Latin Americans seeking development present themselves as “developing” countries in their international negotiations through the G77.

The idea of development encourages the production and export of natural resources, which is necessary for a continuous availability of raw materials in international trade to maintain the expansion of markets, a basic precept of neoliberalism.

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CHAPTER ONE

Presentation

1.1. Introduction

Neoliberalism that has been deployed in relation to the South in the last decades has involved the change of several governmental policies.¹ In Latin America, neoliberal strategies that started with the coup against the Chilean government in 1973² meant the restructuration of laws and regulations related to economic processes, and implied a re-institutionalisation of state in areas related to capital accumulation.³ In a positive way, neoliberal financial cooperation programs in the 1990s helped to overcome the structural deficit of domestic savings in Latin America. For example, the countercyclical behaviour promoted by the World Bank allowed cushioning of the impact of the slowdown in private flows in the region when economic performance was highly dependent on capital inflows.⁴

Likewise, neoliberal implementation meant the transformation of foreign policies and, consequently, a change of the Latin American paradigm of international integration. According to Cervo, due to a change in international trade rules foreign policies adopted an economic perspective more than a political one. The implementation of neoliberal strategy in Latin American foreign policies triggered the following:

The foreign ministries were largely silenced, as they were guardians of the political heritage of developmental philosophy. Their sphere of action was confined to ornamental diplomacy that included the new themes of fashion, such as global governance, the environment, human rights and humanitarian interventions. The substantial international politics, such as trade, finance, business linkages or transfers of privatized assets moved to the command of the economic ministries, occupied by young people who mostly had done graduate in the US Universities or they had served in technical agencies such as the IMF and the World Bank.⁵

¹ Peck, 2004; Harvey, 2005; Castree, 2009; Tickell & Peck, 2003

² French-Davis, 2003:81

³ Harvey, 2005; Tickell & Peck, 2003; Peck, 2004; Perreault and Martin, 2003; Castree, 2009

⁴ Tietelman, 2002

⁵ Cervo, 2000: 8

The change of foreign policies due to neoliberalism has also influenced Latin American multilateral objectives. For example, in the 90s the cooperation among Latin American countries and their multilateral interests moved to industrialised states in search of new markets⁶. The principal focus for cooperation was the United States.

Interestingly, despite the impact of neoliberalism in foreign ministries of Latin American countries, at the international level the commitment to neoliberalism and its economical precepts has not been clear. For example, from the beginning of neoliberalism, some governments in the region have been part of groups internationally recognised as neoliberals, such as the Organisation for Economic Cooperation and Development (OCDE), and the G20.

For example, Chile and Mexico are part of the OCDE, while Brazil and Argentina are part of the G20. At the same time, these very countries have been part of the G77, the negotiation group formed by developing countries in 1964 to improve, among other issues, the terms of trade of natural resources at the UN;⁷ it has a recognised discourse against the North and its international neoliberal economic system.⁸ The North-South divide has been influenced by neoliberal ideas.⁹

The G77¹⁰ is according to itself:

[...] the largest intergovernmental organization of developing countries in the United Nations which provides the means for the countries of the south to articulate and promote their collective economic interest and enhance their joint negotiating capacity in all major international economic issues within the united nations system, and promote South-South cooperation for development.¹¹

The G77 represents the South in its claims for solutions to the unfairness that its members face in the international arena.¹² This negotiation group emerged in the 1960s, in the middle of the Cold War and before the neoliberal deployment in Latin America, specifically to address common problems about development whose resolution would

⁶ Viola, 2004; Legler & Santa Cruz, 2011

⁷ Fogarty, 2013:131; Krasner, 1985

⁸ Yamin and Depledge, 2004:35; Dosman, 2008; Kasa, Gullberg & Heggelund, 2008

⁹ Arrighi, Silver and Brewe, 2003

¹⁰ About the G77. In: www.g77.org/doc/

¹¹ About the G77. In: www.g77.org/doc/

¹² Krasner, 1985

require the consolidation of international institutions to replace the global economic system and implement a New International Economic Order (NIEO)¹³. Broadly, the NIEO meant a common interest in the achievement of comprehensive economic arrangements in favour of all developing countries that suffer inequity and economic marginalisation, and which need more opportunities in the international economic system.¹⁴ The group has maintained its aims up to the present day.

In general terms, the South's position through the G77 has been built around the conditions of commodity trade.¹⁵ Thus, in the North-South relationship the North claims the desirability of free trade without any recognition of the costs of adjustment inflicted by sharp increases in imports, while the South takes the northern rhetoric at face value and believes that political pressures which impede southern exports are simple evidence of northern greed and intransigence.¹⁶

Common elements in the demands of developing countries through the G77 at the UN, such as its rejection of the neoliberal economic system, reinforce the idea of a joint South despite this group having always been composed of heterogeneous countries.¹⁷ Indeed, the belongingness of developing countries to the South is still in debate. According to Williams:

While Third World countries may share similar characteristics, the idea of a Third World is essentially a term referring to identity rather than an objective fact. In taking an identity or psychological approach to the concept of the Third World, I do not intend to imply that this "imagined community" is divorced from material reality. Indeed, the continued reference to a Third World, and a persistence in constructing a coalition (of sorts) in environmental negotiations is the result of a mix of factors.¹⁸

At this point it is important to note that despite it being possible to use the term Third World as a synonym of the South and "developing country" each of these terms refers to a specific period of time and context. Most specifically, the term Third World

¹³ Chasek and Rajamani, 2003; Patel, 2007

¹⁴ Rodrigues, 2010; Costa, 2012

¹⁵ Rothstein, 1979:51

¹⁶ Gray, 1985:325

¹⁷ Williams, 2005; Najam, 2005; Narlikar, 2006

¹⁸ Williams 2005:52

responds to the historical context of the Cold War in which the First World was the Capitalist NATO bloc, the Second World was the Socialist economies of Europe and the Third world was the unaligned countries.¹⁹ The dualism of North-South represents the differentiation of parts within an international structural system.²⁰ In this context, Smith²¹ claims that the dualism North-South is:

[...] based in the assumption that the under-development of one region was structurally necessary for the development of the other. [...] The argument recognized that the social and economic changes of the South – with particular emphasis given the state intervention – were not aimed at developing the region by actually were intended to avoid conflicts which might hamper growth in the North.²²

In spite of this, the North-South model seems to be more representative of current international politics; in this research the dualism of developed/developing country and industrialised and no-industrialised economy is meant. This is because this differentiation represents more clearly the historical period that the study explores.

Thus, despite the G77 always being composed of economically heterogeneous countries, at the UN it defends a host of common elements,²³ such as economic growth, international political equality, influence in international decision-making arenas, autonomy and independence, the preservation of territorial integrity from external invasion or internal fragmentation, the dissemination of new world views at the global level, and the maintenance of domestic regime stability.²⁴

Hansen²⁵ claims that many items on the agendas of Global North-South negotiations have been about rules for industrial and raw-material trade, international finance, foreign aid, and multinational corporations, the use of the “global commons”, and control and reform of international institutions. Prashad²⁶ for his part states that the Global South has defended three main elements: peace, bread and justice. Specifically:

¹⁹ Escobar, 2011

²⁰ Smith, 1992

²¹ Smith, 1992:187

²² Smith, 1992:187

²³ Williams, 2005; Najam, 2005; Narlikar, 2006

²⁴ Krasner, 1985:13. Also see: Wriggins, 1978; Rothstein, 1979:3

²⁵ Hansen, 1979

²⁶ Prashad, 2013:45-47

Peace: The Third World Project kept faith with the Bandung communiqué, which called for “the regulation, limitation, control and reduction of all armed forces and armaments, including the prohibition of the production, experimentation and use of all weapons of mass destruction, and to establish effective international controls to this end.” The International Atomic Energy Agency of 1957 was a child of Bandung, and a cornerstone of the Third World Project.

Bread: The new nations of Africa and Asia and the renewed national agendas of Latin America explicitly recognized that the countries they had seized were impoverished. Any direction forward would have to confront the legacy of colonial economy, with the advantages seized by the Atlantic powers and the trade rules drawn up to benefit those historical, not comparative, advantages.

Justice: The UN had been hijacked by the five permanent members of the Security Council. The IMF and the World Bank had been captured by the Atlantic powers, and the GATT was designed to undermine any attempt by the new nations to revise the international economic order. It was hoped that NAM, and the G77, would put pressure on the West and the East to afford political space to the new nations.²⁷

Thus the North-South divide has become a way to describe international structural inequalities at international level that separate rich and poor states.²⁸ The request of the South for special treatment in international trade is a fundamental part of the North-South division.

In the inception of the G77 and the definition of its demands, Latin America played a relevant role.²⁹ This region defined mainstream thinking that identified the South’s need to improve the terms of trade of natural resources and consequently determined differences between the South and the North. Historically, Latin American and Yugoslav initiatives led the way for what became the G77 at the UNCTAD I in 1964,³⁰ while the rise of new states in Asia and Africa helped to increase the need to solve global inequality in the international arena. The deep theorisation of Latin America on

²⁷ Prashad, 2013: 45-47

²⁸ Kegley, 2009:101-102;
Love, 2010

³⁰ Geldart and Lyon, 1980

international trade matters and their relation to inequality suffered by countries in the region put the Southern perspective in a relevant place at international level.³¹

The greatest Latin American contribution to the G77's perspective was the knowledge that gave support to several theories about underdevelopment. These emerged in the Economic Commission for Latin America (ECLA) under the leadership of Raul Prebisch. Despite these theories arising in the 60s, in the 50s Prebisch had already started this stream with the identification of a world economy structure organised into centre-periphery. This structure was an optional vision to classical economic understanding about the development of under-developing countries. In fact, in its theories of modernisation, classical economics argued that major barriers to development were posed by the Global South countries' own internal characteristics. This classical economic vision was represented in Walt Rostow's theory, formalised in his book *The Stages of Economic Growth: a Non-Communist Manifesto*.³²

The work of Prebisch was oriented to questioning some important ideas in classical and neoclassical economy, mainly those that talk about the international trade of raw materials.³³ In his vision, the international structure that sustained comparative advantages for some nations under some conditions, could not foster development and equality among other nations, mainly the peripheral ones.³⁴ He wanted to understand causes and dynamics in the inequalities between producers and exporters of industrialised products and producers of raw materials. He concluded that the international structure promotes detrimental terms of trade that could be solved by different economic measures, but mainly by the promotion of industrialisation.

In different scholarly traditions, these theories are sustained in the concept of dependence, which refers to aspects of relational asymmetry in international and transnational trade relations.³⁵ According to Dos Santos³⁶:

³¹ Love, 2010

³² Rostow, 1960

³³ Valdés, 2009

³⁴ UNCTAD, 1964b:773

³⁵ Duvall, 1978

³⁶ Dos Santos, 1968:6.

By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of inter-dependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development.³⁷

In other words, underdevelopment is not some passive lack of activity by states, it is an active, intended condition imposed on those economies as part of their place in the international economic structure. The beginning of theories about underdevelopment attempted to explain the international limits of the development of Latin American countries as an unequal relation of trade in an historical period after the world wars. In the 1970s literature about the dependence theory started the debate about this issue from a global perspective. Cai³⁸ stated that dependence theory established four central diverse aspects:

[...] (1) underdevelopment is closely connected with the expansion of the industrialized capitalist countries (2) development and underdevelopment are diverse aspect of the same universal process (3) underdevelopment cannot be considered as the original condition in an evolutionary process (4) dependency is not only an external phenomenon but is also manifested in different ways in the internal (social, ideological and political) structure.³⁹

This Latin American knowledge about dependence in trade matters was deployed toward developing countries from Asia and Africa and it contributed to reinforcing the Southern perspective through the G77 about the inequality of the international system.⁴⁰ Indeed, the original UNCTAD I program was the ECLA's one, extended to the global level.⁴¹

Returning to neoliberalism, Michel Foucault proposes that government has a mentality that can be expressed as governmental rationality (or political rationality) that

³⁷ Dos Santos, 1968:6

³⁸ Cai, 2010:23

³⁹ Cai, 2010:23

⁴⁰ Prashad, 2013

⁴¹ Love, 2010

guides the objectives of its power.⁴² This rationality, which started to be developed at the end of the Second World War,⁴³ can be instrumentalised by ‘governmental technologies’,⁴⁴ which are heterogeneous mechanisms that use and create knowledge⁴⁵. According to Rose⁴⁶, a technology of government is an

[...] assemblage of forms of practical knowledge, with modes of perception, practices of calculation, vocabularies, types of authority, forms of judgement, architectural forms, human capacities, non-human objects and devices, inscription techniques and so forth, these are heterogeneous, made up of a diversity of objects and relations linked up through connections and relays of different types.⁴⁷

Likewise, according to Foucault⁴⁸ the forms of governmental rationality called liberalism and neoliberalism have the political economy as their principal form of knowledge. Dean⁴⁹ states that:

[...] technologies include mechanisms by which specific aspects of governed reality are rendered both knowable and amenable to governing. Thus the broad distinction between rationality and technology may be one between the representation of and intervention into specific governmental domains, but this distinction is also present within the technologies themselves. Political rationality may generally codify and assemble particular technologies within various programmes, but the technologies themselves are a condition for that rationality and have forms of rationality inscribed within them.⁵⁰

Historically, the deployment of neoliberalism can be organised into three stages outlined by Harvey and by Tickell & Peck. Nowadays, neoliberalism consolidates itself into its third stage as a political theory.⁵¹ In the previous stage, neoliberalism was in transition and accordingly in experimentation. In the first stage neoliberalism was created as a political idea and it was in this period that the ECLA knowledge was produced, and the G77 was established.

⁴² Miller and Rose, 1990

⁴³ Foucault, 2008; Polanyi, 1944; Ruggie, 1982; Mirowski & Plehwe, 2015

⁴⁴ Rose and Miller, 1992:176

⁴⁵ Miller and Rose, 1990

⁴⁶ Rose, 1999:52

⁴⁷ Rose, 1999: 52

⁴⁸ Foucault, 2008:20

⁴⁹ Dean, 1994:188

⁵⁰ Dean 1994:188

⁵¹ Harvey, 2005; Tickell & Peck, 2003; Craig & Porter, 2006

The current, third phase began in the 1990s, and it is called ‘Roll-out neoliberalism’ by Tickell & Peck.⁵² In this period, neoliberalism acquires a ‘diffuse but consolidated form’, becoming a global and institutional hegemonic ideology.⁵³ The international neoliberal thinking produces a shift of focus regarding multilateral institutions due to variations of mainstream political discourses. Neoliberalism sequesters the ‘key economic policy issues beyond the reach of explicit politicisation’, and most importantly, it can ‘become more deeply embedded in international law’.⁵⁴

Craig & Porter⁵⁵ see from the early 1990s a birth of ‘neoliberal institutionalised development’ which they identify as a historical moment of neoliberal dominance over development. This perspective has played a key role in the construction of the neoliberal paradigm in developing countries, summarised in the term ‘good governance’. This concept has allowed international financial institutions, such as the World Bank, to reinvent their work, image and developmental thinking as a whole.

The second stage, called ‘Roll-back neoliberalism’ by Tickell & Peck,⁵⁶ occurred in the 1980s. To Harvey⁵⁷ this is a neoliberal stage of transition and experimentation in which neoliberalism turns into a dominant state strategy. Neoliberal discourse, as a result of strategies of inflation and stabilisation in the UK and the US, becomes focused on the promotion of individual freedoms and the implementation of new monetary policies. The global political arena was based on the fundamentalist idea of the “free market” and neoliberal policies, with their philosophical underpinnings disseminated and supported by the media.⁵⁸ The second stage finished when the Washington Consensus was established in the early 90s.⁵⁹ The end of this period was marked by an economic recession in the USA and the UK; however, the neoliberal project did not succumb, and on the contrary, this just implied a normalisation of neoliberal modes of regulation.⁶⁰

⁵² Tickell & Peck, 2003:168

⁵³ Tickell & Peck, 2003:168

⁵⁴ Peck & Tickell, 2002; Tickell & Peck 2003; Routledge, 2003

⁵⁵ Craig & Porter, 2006:15

⁵⁶ Tickell & Peck, 2003:168

⁵⁷ Harvey, 2005

⁵⁸ Boutros-Ghali & Gosovic, 2011.

⁵⁹ Harvey, 2005

⁶⁰ Tickell & Peck, 2003

In the 'Roll-back neoliberalism' at international level, Breton Wood institutions become counterparts in the South-North division; they do so by suggesting neoliberal reforms to the South and guaranteed capital placement to the North.⁶¹ For example, the G7, a northern group mostly intent on re-establishing the North's neoliberal dominance, moved to use the debt crisis of the 1980s to its advantage, and to push through a new intellectual property and trade regime to consolidate the gains of the North against the South.⁶²

In this period the North sought to neutralise any possible dissent or challenge to the supremacy of the resurgent system in the UN arena - this means to neutralize the collective South via the Group of 77 and the Non-Aligned Movement (NAM).⁶³ They did this mainly because these groups promoted systemic demand for equity for developing countries in the international economy. Indeed, in the work and outputs of the UN Conference on Trade and Development, they seek the implementation of an international development agenda. Also, in the Declaration and Program of Action on the Establishment of a New International Economic Order (NIEO), they demand the democratisation of world politics and institutions.⁶⁴

The beginning stage of neoliberalism and the one of interest for this research is called 'Proto-neoliberalism' by Tickell & Peck⁶⁵ and 'embedded liberalism' by Harvey.⁶⁶ Proto-neoliberalism ranges from 1950 to 1980 while 'embedded liberalism'⁶⁷ ranges from the end of the World War I up to 1970. Its characteristics at national level were the intensification of economy regulation, changing industrial policies and change in the system of social protection. These shifts, generated in a polarised debate between social democracy and central planning, were developed in a regulated environment. In this period the neoliberal common sense nourished by corporations and the consumption desire was created, championed as the economic and industrial strategy to follow.⁶⁸

⁶¹ Murray, 2011

⁶² Boutros-Ghali & Gosovic, 2011

⁶³ Prashad, 2013

⁶⁴ Boutros-Ghali & Gosovic, 2011

⁶⁵ Tickell & Peck, 2003:168

⁶⁶ Harvey, 2005:11

⁶⁷ As described in Ruggie, 1982

⁶⁸ Harvey, 2005

This stage of neoliberalism was originally perceived as an experimental treatment for developing economies such as the Latin American ones. Its “treatment” were supported by an influential intellectual movement from the University of Chicago which focused on embedding the world with market relations based in Think Tanks and other neoliberal networks.⁶⁹ It was a period of ideas, in Britain associated with the predominance of financial markets, and in Chile with the liberalisation of the economy within a dictatorial regime.⁷⁰ The G77 was established in this period.

Globally, the period was characterised by the construction of new institutions to keep economic stability and to assist international relations to ensure peace and to improve international affairs.⁷¹ Here is when Southern criticism of equity in international trade starts. During the 1960s and 70s, as a way to address the inequalities in the international trade, the ECLA set out a coherent alternative of political economy to this dominant liberal order. The alternative was intended to allow developing countries, through the G77, to challenge the existing international order thanks to its increasing assertiveness and growing bargaining power.⁷² In the early 1970s during the Cold War initiatives and agenda of the South began to take form after the OPEC oil price rise and the 1974 Sixth Special Session of the UN General Assembly. This assembly adopted the Declaration and the Program of Action on the Establishment of a New International Economic Order (NIEO). The NIEO, part of the Seoul Declaration, was the first manifestation of the newfound power of the G77⁷³. Meanwhile, the UNCTAD played a vital role in energising the developing countries’ group position and thrust.⁷⁴

Given that neoliberal ideas had an early emergence in the international arena, and given that these coincided with the emergence of multilateral institutions⁷⁵, neoliberal purposes could be related to Latin American knowledge that underlay the foundation of the G77. Moreover, the interest in terms of trade of natural resources in Latin America had something to say in the complete context in which neoliberalism was structured.

⁶⁹ Van Horn, 2009.

⁷⁰ Tickell & Peck, 2003

⁷¹ Harvey, 2005

⁷² Prashad, 2012

⁷³ Lipschutz & Rowe, 2005

⁷⁴ Boutros-Ghali & Gosovic, 2011

⁷⁵ Polanyi, 1944; Ruggie, 1982; Mirowski & Plehwe, 2015

Therefore, the identification of technologies related to the knowledge produced by the ECLA could show how neoliberalism was related to the participation of Latin American countries in the G77 at the first UNCTAD.

Regarding that knowledge, Ong⁷⁶ states that neoliberalism has the aim of ‘reconfiguring relationships between governing and the governed, power and knowledge, and sovereignty and territoriality’, which tells us that neoliberalism can be conceptualised as a new relationship between government and knowledge. Therefore, the knowledge produced by the ECLA could be related to neoliberalism, even when neoliberalism was at an incipient stage. Indeed, in the Foucauldian perspective, neoliberalism as a rationality of government produces knowledge that can guide/transform governmental practices and make them useful for their intentions. Political rationality assembles particular technologies and knowledge in its service.

The ECLA’s knowledge that produced the discourses against mainstream political economy could be related to a system of power that guides governmental practices. Indeed, the knowledge established by Latin America through the ECLA to define the problems of the South and those that criticise northern neoliberalism are interlinked and mutually reinforced. It is clear that the context in which the South’s discourses against the neoliberal economic system has been used to sustain the G77’s existence is not just part of a theoretical analysis, but is also a political one.

Thus, given that neoliberalism is the a ‘malleable technology of government’ that produces new forms of sovereignty,⁷⁷ and which has influenced, in several ways, the developing countries’ practices, such as foreign policies, identifying the role of neoliberalism in policies can be straightforward. However, it is not so easy to locate the role of neoliberalism in practices that *a priori* look like resisting neoliberal precepts and that began before the neoliberal deployment, such as Latin American participation in the G77 at the UN negotiations.

Though it is clear that some neoliberal ideas influenced the process of the institutionalisation of the international economy and the use of their resources, it is not

⁷⁶ Ong, 2006:3

⁷⁷ Ong, 2006

evident that the process was related to neoliberalism and the production of the ECLA's knowledge, employed by Latin America through the G77 and its discourse against the neoliberal economic order.

Some questions therefore arise:

What is the purpose behind the ECLA declaration about economic unfairness in trade? Was the knowledge of development and the terms of trade of natural resources produced by Latin America, that triggered the G77, linked to neoliberalism? How is the idea of “underdeveloped country” related to neoliberalism?

Thus, the hypothesis of this research is:

Early neoliberalism is implicit in the process that led to Latin American countries taking part in the G77 at the first UNCTAD.

The main question of this study is:

How is early neoliberalism implied in the process that led to Latin American countries taking part in the G77 at the first UNCTAD?

The main aim is:

To identify the mechanism that links neoliberalism with the participation of Latin American countries in the G77 at the first UNCTAD.

Specific aims:

- Delineate the case study to explore the historical beginning of Latin American involvement in the G77, and its relation with neoliberalism.

- Identify the power/knowledge system related to the ECLA interest in improving the terms of trade and its relation to Latin American in the G77 at the UNCTAD I.

- Identify the problematisation that led to this power/knowledge system and how this is related to neoliberalism.

- Propose a mechanism that links the Latin American practice of taking part in the G77 with neoliberalism.

To answer the research question about Latin American interest in the inception of the G77 and neoliberalism this study will explore the ECLA's discourses using Foucauldian methods. Latin America has been chosen because this region was the most active in the inception of the G77; the ELCA archive has been selected because it brings together knowledge about this process. In order to achieve the methodological purposes, this research also uses other UN archives, mainly those from the UNGA resolutions and the UNCTAD I process. The scope for analysis is found in the UNGA archive from its beginning to the present, while the UNCTAD I and ECLA archives are checked exhaustively from their beginning to the inception of the G77. Also used in support are the archives of the ITO conference and the archives from the Bretton Woods institution's inception. Methodological aspects are more clearly explained in a subsequent chapter.

1.2 General Background

1.2.1 The complexity of neoliberalism

Neoliberalism has emerged as one of the key concepts for studies of cultural and political-economic change on a global scale. However, there is a challenge in discerning its limits.⁷⁸ By and large, neoliberalism is a concept that significantly varies according to the context prevailing in each field; hence, it is possible to propose different understandings of neoliberalism. For example, Tickell & Peck⁷⁹ define neoliberalism as ‘the mobilisation of the state power in the contradictory extension and reproduction of market rule’.

The precise scope of neoliberalism cannot be fully defined in advance because it is related to the context in which it is studied. For example, in the paradigm influenced by post-structuralism that explores the shift in governmentality, neoliberalism can be considered as modern governmentality characterised by having intrinsic limits formulated in terms of economic truths, in contrast to the past where limits were formalised by jurisdictions.⁸⁰ Harvey, with a Marxist perspective on neoliberalism, defines it as the ‘theory of political, economic practices’. Hartwick & Peet⁸¹ talk about ‘advanced neoliberalism’ characterised by a changing relationship between citizens and the national state, and by the changing conceptions of the meaning of society in this connection. As an economic discourse, neoliberalism rests on the principle that individual freedom is only possible through the markets⁸² and therefore seeks to insulate itself from Keynesian and development economics and politics.⁸³

Neoliberalism is widely used to explain topics such as market freedom, individual liberties and the reduction of state apparatus,⁸⁴ and has among its aims economic growth

⁷⁸ Kingfisher & Maskovsky, 2008:115

⁷⁹ Tickell & Peck, 2003:166

⁸⁰ Foucault, 2008:10

⁸¹ Hartwick & Peet, 2004:215

⁸² Harvey, 2005

⁸³ Peck, 2004:394

⁸⁴ Castree, 2010a

and hence the creation of a 'good business climate'.⁸⁵ Neoliberalism protects individual entrepreneurial freedoms through the development of an efficient institutional framework, based on private property rights, free markets and free trade.

From a sociological point of view, neoliberalism is the element whereby commercial transactions are introduced into society, while from a political perspective neoliberalism is the scope to intervene in and administrate the state.⁸⁶ In this context, neoliberalism has been oriented to optimise conditions for capital accumulation no matter what the consequences for employment or social well-being.⁸⁷ These drastic changes intended to protect freedom have produced, in many governments, a restructuring of the laws, policies and regulations that govern the economic process, like intellectual protection legislation and the availability of financial resources. The mobilisation of state power has implied the development of a new form of statecraft to manage the consequences and contradictions of international marketisation.⁸⁸

Regarding spatial location, according to Ong,⁸⁹ neoliberalism evolves in line with the places and cultures where it is deployed and with the depth in which it is established. Thus, it could be understood as a process that evolves unevenly.⁹⁰ It has undergone several transformations due to the obstacles and opposition in the places in which it has been implemented. Accordingly, the concrete shape of the neoliberal project has always been variable institutionally, across space as well as through time.⁹¹ This variability is the reason neoliberalism is often confused with Globalisation; both terms represent the relatively uncontrolled advance of market forces at a particular time.⁹²

Clearly, there is a common sense about neoliberalism that in general leads to it being thought a transparent term that defines a political-economic ideology, and that this term is easily applicable in a historically isolated way.⁹³ However, the 90s was the period that agglomerated the political concepts of neoliberalism and when it became a central

⁸⁵ Harvey, 2005:10

⁸⁶ Foucault, 2008:161

⁸⁷ Hurch, 2011; Harvey, 2005

⁸⁸ Tickell & Peck, 2003

⁸⁹ Ong, 2006

⁹⁰ Tickell & Peck, 2003; Peck, 2004

⁹¹ Tickell & Peck, 2003

⁹² Tickell & Peck, 2003; Castree, 2010b

⁹³ Sacchi, 2016:23; Fair, 2010

element in theoretical reflection. Hence, the analysis of neoliberalism in practice that happens before or after that period can see it as an anachronism, mainly because neoliberalism is an open historical process that is changing. Therefore, in its use for research, the critical and theoretical reflection on the concept have to be done in a continuous form.

It is important to take into account that the understanding of neoliberalism that includes policies of free trade, privatisation and stabilisation has a close association with multilateralism. For example, according to Gardner⁹⁴, multilateralism

[...] means fewer obstacles to the movement of goods and capital. Trade tends to flow in accordance with relative price consideration instead of being channelled in one direction or another by the need to strike bilateral balance. Purchases can be made in the cheapest foreign market and sales in the most lucrative. Such system promotes the international division of labour and encourages each country to specialize in the production of those things in which it enjoys the greatest comparative advantage. Two important advantages may be claimed for this regime. First, the most is made at any given time of the world's existing stock of productive resources. Second, that stock of resources will be likely to increase over time more rapidly than under any alternative system. The latter result will occur because capital will be induced to flow to those part of the world economy where it can make the greatest net contribution to productivity. At the same time, productivity will be stimulated by competitive forces acting through the operation of the market mechanism. In this way Multilateralism will tend to maximize the real income of the world as a whole.⁹⁵

In this context, Cox⁹⁶ identifies two types of multilateralism, political multilateralism, an inter-state cooperation exercised by governments, and the economic multilateralism that represent the world economy. In the words of Cox:⁹⁷

Economic multilateralism meant the structure of world economy most conducive to capital expansion on a world scale; and political multilateralism meant the institutionalized arrangements made at that time and in those conditions for inter-state cooperation on common problems. There was, for some people, an implicit compatibility,

⁹⁴ Gardner, 1956:14-15

⁹⁵ Gardner, 1956; 14-15

⁹⁶ Cox, 1992

⁹⁷ Cox, 1992:162

even identity between economic and political aspect of multilateralism: political multilateralism had as a primary goal the security and maintenance of economic multilateralism, the underpinning of growth in the world order. Other saw contradiction between economic and political aspects: political multilateralism for them existed to correct the inequities that resulted from the world economy, leading for instance, in the 1960s, to a demand for the institutionalization of a New International Order.⁹⁸

Multilateralism is a highly exigent institutional form.⁹⁹ In general terms, multilateralism provides more democratic means by which global issues should be addressed and how states should address them.¹⁰⁰ Despite the meaning of multilateralism changing little over the years,¹⁰¹ the multilateral process has been adapted to new challenges, national interests, actors, norms and political traditions and cultures.¹⁰² Therefore, multilateralism is considered a social construction that is constantly changing accordingly to space and time.¹⁰³

For all purposes and despite the term is not a central part of this research, this study uses the term multilateralism in the understanding of Ruggie,¹⁰⁴ who commonly refers to it as ‘an institutional form in international relations that coordinates relations among three or more states by generalised principles of conduct – that is, principles which specify appropriate conduct for a class of actions without regard to particularistic interest of the parties or the strategic exigencies that may exist in any specific occurrence’.¹⁰⁵ This concept of multilateralism was adopted in 1945 when the United States defined it as the ‘international governance of the many’.¹⁰⁶

Broadly speaking, the neoliberal order is a form of free trade predicated upon domestic interventionism,¹⁰⁷ while neoliberalism refers to the application of the principles of neoclassical economics to economic development and other aspects of economic

⁹⁸ Cox, 1992:162

⁹⁹ Ruggie, 1992; Eckersley, 2012

¹⁰⁰ Powell, 2003; Kahler, 1992

¹⁰¹ Powell, 2003

¹⁰² Serbin, 2010

¹⁰³ Kratochwil, 2006

¹⁰⁴ Ruggie, 1992:571

¹⁰⁵ Ruggie, 1992

¹⁰⁶ Gardner, 1956: 42

¹⁰⁷ Ruggie, 1982; Harvey, 2005; Foucault, 2008

affairs.¹⁰⁸ This liberalisation of trade generally rests on the theory of comparative advantage of David Ricardo, who in his *Principles of Political Economy and Taxation* of 1821 concludes that each state can gain by specialising in the product where it has a comparative advantage and the resulting trade of this product. This theory is based on Adam Smith's seminal work, *The Wealth of Nations*.

1.2.1.1 Analytics of Foucauldian neoliberalism

Given that the period covered by this research is one in which neoliberalism, as is known, was not deployed in Latin America, and because this study is oriented to understand neoliberalism over practices of government, neoliberalism is not addressed as an economic doctrine that explains the world economy and its societal results. Here, rather, it is understood as a rationality that influences and produces discourses that change concrete projects that account for specific institutions. Neoliberalism is used under the ideas set out by Michel Foucault.

To comprehend the Foucauldian concept of neoliberalism it is important to understand the concept of political rationality. Foucault proposes that government has a certain mentality that can be expressed as governmental rationality or political rationality that guides the objectives of its power.¹⁰⁹ Thus, by his study of the European state, Foucault understood well this political rationality and concluded that political power could be modelled and analysed.¹¹⁰

Specifically, political rationality is the 'relatively systematic, explicit, discursive problematisation and codification of the art or practice of government'.¹¹¹ According to Foucault the governmental rationality is 'the ensemble formed by the institutions, procedures, analyses and reflections, the calculations and tactics that allow the exercise of this very specific albeit complex form of power, which has as its target population, as

¹⁰⁸ Gilpin, 2011:306

¹⁰⁹ Miller and Rose, 1990

¹¹⁰ Valverde, 2007

¹¹¹ Dean, 1994:187

its principal form of knowledge political economy, and as its essential technical means apparatuses of security'.¹¹²

The idea of political rationality began with Foucault's work at the Collège de France in 1978-79, in which he sought to understand the 'type of rationality implemented in the exercise of state power'.¹¹³ In his work, Foucault did not focus on creating a theory of the state, but he aimed to 'analyse the operation of governmental power, the techniques and practices by which it works, and rationalities and strategies invested in it'.¹¹⁴

The Foucauldian work on governmental practices had a methodological reason. It allows him to test his methods on a macro scale, in contrast to previous studies done on a micro scale.¹¹⁵ According to Dean¹¹⁶, 'Foucault's thought on governmentality can be read as an attempt to explain the relative nature of macro-micro division; thus, questions of the 'how' of power and rule, its mechanisms, its techniques, its strategies, its objectives and effects, can be asked on the 'global' forms of power just as they can be asked of the micro-power'. Concretely, Foucault¹¹⁷ stated:

What I wanted to do -and this was what was at stake in the analysis- was to see the extent to which we could accept that the analysis of micro-powers, or of procedures of governmentality, is not confined by definition to a precise domain determined by a sector of the scale, but should be considered simply as a point of view, a method of decipherment which may be valid for the whole scale, whatever its size. In other words, the analysis of micro-powers is not a question of scale, and it is not a question of a sector, it is a question of a point of view. Good. This, if you like, was the methodological reason.¹¹⁸

The Foucauldian analysis of the political rationality of government was firmly focused on domestic political technologies but also on international aspects. Indeed, the international aspects of the state were crucial to Foucault's analysis of governmentality.¹¹⁹ According to Jaeger¹²⁰ 'the international' is as constitutively implicated in (German)

¹¹² Foucault, 2010:20

¹¹³ Foucault, 1990:73

¹¹⁴ Dean, 1994:179

¹¹⁵ Jessop, 2007

¹¹⁶ Dean, 1994:179

¹¹⁷ Foucault, 2010:186

¹¹⁸ Foucault, 2010: 186

¹¹⁹ Leira, 2013:123

¹²⁰ Jaeger, 2013:27

neoliberalism as in police and liberal governmentalities'. In this context, Foucault claims, in *Security, Territory, Population* that 'states are situated alongside other states in a space of competition'.¹²¹ While in *The Birth of Biopolitics*, Foucault raises the notion that 'the state exists only for itself and in relation to itself, whatever obedience it may owe to other systems like nature or God. The state only exists through and for itself, and it only exists in the plural'.¹²² This approach, in which the scope of the political rationality can be conceptualised both in international and domestic contexts, facilitates the understanding of practices that have international outcomes, such as diplomatic efforts among states engaged in UN negotiations. So, Foucault's perspective of 'one's own state as one of many',¹²³ has an important implication in practices of governments.

The rationality that guides the exercise of state power is useful to help us understand how governments use political actions to elaborate processes of policy and political decision-making.¹²⁴ Thus, applying these ideas of Foucault in this regard, it is possible to say that relations among states respond to a political rationality that happens in a particular historical context. The particular political rationality encourages states to choose the use of certain practices at international level to achieve their goals. So the political rationality could be encouraging Latin American participation the G77 at the UN. But, what is the goal?

To identify the technology that connects the practice of taking part in groups of negotiations at the UN and neoliberal rationality, it is important to unravel how political technologies are interconnected with governmental rationalities and how the knowledge is implied in this relationship.

In particular, Foucault grouped political technologies into two main 'assemblages'. Firstly, domestic political technologies that assemble practices aimed to manage the state within the limit of its sovereignty. And, secondly, those international political technologies, of interest for this research, which bring together practices aimed at managing the state in its relation to other states.¹²⁵ This international assemblage has

¹²¹ Foucault, 2007:289

¹²² Foucault, 2008:5

¹²³ Leira, 2010:123

¹²⁴ Dean, 1994:18

¹²⁵ Foucault, 2008:5-7

the aim to ‘empower particular agents and forces to speak and act in the name of a territory’,¹²⁶ such as governments actually do in international negotiations.

The political rationality of the European state and its technologies has undergone variations from its inception. The comprehension of these variations is important for understanding of how neoliberalism influences governmental practices related to the interaction among states. There have been three notable political rationalities from the sixteenth century to the present. These are the *Raison d’État*, liberalism, and neoliberalism; with neoliberalism in our age the prevailing rationality.¹²⁷

The initial rationality aimed at building the European state was the *Raison d’État*. According to Foucault,¹²⁸ the emergence of the *Raison d’État* implied that governmental practices were focused on the state interest instead of the interest of the king. This new interest means that states became more conscious of their need to be sturdy and permanent. In this context, the *Raison d’État* frees governmental activity from divine precepts and rules.

This new state is a material form that needs to be understood through a specific knowledge, and its interventions to reduce the power of the prince.¹²⁹ This rationale conceives the state as its own end. Therefore, its objectives are the security and prosperity of the state itself, identifying the welfare of the citizens with the achievement of these ends. Under the ‘umbrella of this rationale, the domains and objectives of government began to multiply’.¹³⁰ In this period, starting in the sixteenth century, South American territories were mainly colonies of Spain and Portugal.

In the *Raison d’État*, Foucault identified three major assemblages of political technologies interacting with each other. These are the ‘police state’ as the group of internal political technologies, mercantilism in the middle, and the ‘European balance’ as the group of external political technologies.¹³¹ This European balance, initiated by the treaties arising from the Peace of Westphalia in 1648, initiated a new order in Central

¹²⁶ Dillon 1989, quoted by Miller and Rose, 2008:57

¹²⁷ Foucault, 2008

¹²⁸ Foucault, 2007:235-36

¹²⁹ Sozzo, 2005

¹³⁰ Hunter, 1996:148

¹³¹ Foucault, 2008:6-8

Europe and marked the birth of the nation-state.¹³² In this context, the European balance is built upon governmental technologies based on military and diplomatic practices, which was the principle of territorial integrity oriented to maintain borders of the state. With the European balance the concept of national sovereignty began. The emergence of liberalism came to modify the *Raison d'états*.

Liberalism is the second political rationality of government identified by Foucault in Europe. He does not speak of a liberal “period”; he claims that liberalism is a ‘restless and dissatisfied ethos of recurrent critique of state reason and politics’.¹³³ Liberalism had a significant impact on the organisation of international trade because of the emergence of the political economy. Hence, understanding its precepts is relevant to address Latin American participation in the G77 at the UNCTAD I and its relation with neoliberalism.

The liberal rationality was also determinant for colonial territories in their process of gaining independence, such as Latin American ones, because this rationality defined its political aims. Indeed, most Latin American governments gained independence during the emergence of political economy in the eighteenth century. Therefore, the emergence of the political economy and its comparative advantages was relevant to the position of Latin American countries in the growing international trade. Liberalism facilitated the emergence of stratification through the levels of industrialisation, which had a significant impact on Latin American participation in the G77 at the UNCTAD I.

In this context, an important characteristic of liberalism is the “mutual enrichment”.¹³⁴ Indeed, the overall target of external political technologies of European states under the liberal rationality was the promotion of this “mutual enrichment”, understood as a great collective effort to ensure economic growth for the world, though a world mainly composed of European states.¹³⁵

The world under the idea of mutual enrichment was by no means actually global; the world was the European region. This definition of the world underpinned the structure of global trade. Liberalism identified Europe as the centre of all things human,

¹³² Foucault, 2008:52

¹³³ Barry et al., 1996:8

¹³⁴ Foucault, 2008:55

¹³⁵ Foucault, 2008:56

including the economic centre. In liberalism, 'there will be Europe on the one side, with Europeans as the players and then the world on the other, which will be the stake. The game is in Europe, but the stake is the world'.¹³⁶ Latin American states emerged in the middle of this liberal perspective. The problem? There was no clear role for them in international trade. They were states but not states as the European ones; Latin America was not industrialised.

According to Foucault,¹³⁷ the mutual enrichment of the world is an aim necessary and possible to achieve by the promotion of progress through international trade. The overall international target of the European liberal rationality was the promotion of this European progress.¹³⁸ This idea of mutual enrichment that was fundamental in liberalism was also important in neoliberalism. Thus, neoliberalism understands Europe (or rather industrialised states) as the primary economic subject, while the rest of the world was its stable market and its permanent provider of raw materials. Foucault¹³⁹ argues:

In other words, [in (neo)liberalism] we are invited to a globalization of the market when it is laid down as a principle, and an objective, that the enrichment of Europe must be brought about as a collective and unlimited enrichment, and not through the enrichment of some and the impoverishment of others. The unlimited character of the economic development of Europe, and the consequent existence of a non-zero sum game, entails, of course, that the whole world is summoned around Europe to exchange its own and Europe's products in the European market.¹⁴⁰

It is important to note that in liberalism treaties that did promote unlimited trade between European countries promoted as well appropriate conduct in domestic markets to support interaction in international trade. This caused governments to reorganise resources at a national level (natural resources and population among these). This reorganisation, in the thinking of Foucault, did not limit only state actions nationwide, but also, on the principle of competitiveness, states had to deal with unlimited international expansion.¹⁴¹ In this context, expansion of markets led to international

¹³⁶ Foucault, 2008:56

¹³⁷ Foucault, 2008:55-6

¹³⁸ Foucault, 2008:56

¹³⁹ Foucault, 2008:55

¹⁴⁰ Foucault, 2008:55

¹⁴¹ Foucault, 2008:52-3

banking trying to control macroeconomic policy to fulfil the commitments of peace, elevating central banks and their payment balances to high importance.

In creating and increasing freedoms, liberalism increased the control of and intervention in markets as well. After the First World War this feature was influential in the rise of neoliberalism because such controls would become institutionalised. Foucault¹⁴² gives the example of the New Deal in the US:

Roosevelt's welfare policy, for example, starting from 1932, was a way of guaranteeing and producing more freedom in a dangerous situation of unemployment: freedom to work, freedom of consumption, political freedom, and so on. What was the price of this? The price was precisely a series of artificial, voluntarist interventions, of direct economic interventions in the market represented by the basic Welfare measures, and which from 1946, and even from the start moreover, were described as being in themselves threats of a new despotism.¹⁴³

The contingency linked to the world wars changed the conditions for mutual enrichment. Indeed, the outbreak of the world wars (and the subsequent Cold War) threatened the movement of raw materials and put at risk their availability to international markets. In this global trade insecurity, the role of natural resource producers such as Latin American countries became a decisive factor for the health of international markets. It is in this context of raw materials' unavailability that Latin American countries started to produce knowledge to improve their conditions of development. Consequently, it is relevant to take this into account to understand why Latin America participated in the G77 at the UNCTAD I.

Neoliberalism is the third political rationality identified by Foucault. Under this rationality the United Nations system emerged, bringing with it the interest of Latin America in taking part in the G77 at the UNCTAD I.

Neoliberalism is an economic system. Regarding its technologies, it is built over an institutional legal framework that creates conditions for its survival.¹⁴⁴ According to Foucault,¹⁴⁵ this legal-economic system has three parts. The first part is the legal-economic

¹⁴² Foucault, 2008:68

¹⁴³ Foucault, 2008:68

¹⁴⁴ Foucault, 2008:173

¹⁴⁵ Foucault, 2008:129-59

framework that enables governments to intervene in social institutions to re-create capitalism. This allows neoliberalism to create/adapt its practices. These practices can have a discourse against its precepts, such as the participation in the G77 at the UNCTAD I. The second part is the establishment of a legal interventionism as a consequence of the legal-economic intervention; this means the creation of a “rule of game”, such as the structure for development. The third part is increasing legal procedures.¹⁴⁶ The first two edges of this legal-economic system are necessary to understand the possible actions of neoliberalism in the Latin American decision to take part in the G77 at the UN.

The legal-economic framework is a set of economic activities regulated by law and established in a particular historical context. This framework is important because it enables the manipulation of the economic order through formal principles. Indeed, the legal-economic framework creates a ‘conscious economic system’ that re-integrates the concept of the ‘rule of law’.¹⁴⁷ Using the words of Louis Rougier, a political philosopher of the liberal tradition, Foucault¹⁴⁸ explains the need for a legal-economic framework:

The liberal regime is not just the result of a spontaneous natural order as the many authors of the Natural codes declared in the eighteenth century; it is also the result of a legal order that presupposes juridical intervention by the state [...] The question of the legal framework best suited to the supplest, most efficient, and fair operation of the market has been neglected by classical economists and deserves to be the object of an International Center of Studies for the Renewal of Liberalism.¹⁴⁹

At an international level, the application of the “rule of law” guides the interaction of states.

According to Foucault¹⁵⁰, neoliberals can build different kinds of capitalism (such as the international capitalism) from theoretical analysis of the economic-legal systems. Given that each of these new capitalisms is composed of a particular institutional-economical set, it is possible to think that an international capitalism has different

¹⁴⁶ Foucault, 2008:174

¹⁴⁷ Foucault, 2008:159-62

¹⁴⁸ Foucault, 2008:161

¹⁴⁹ Foucault 2008:161

¹⁵⁰ Foucault 2008:164-167

characteristics than national capitalisms, as well as that capitalism from the North will be different to capitalism in the South. Foucault affirms:

The other aspect of the text that I have just read concerns what we could call "legal interventionism," which is the consequence of the first aspect. If we accept that we are not dealing with an essential Capitalism deriving from the logic of Capital, but rather with a singular capitalism formed by an economic-institutional ensemble, then we must be able to act on this ensemble and intervene in such a way as to invent a different capitalism. We do not have to carry on with capitalism so much as invent a new one¹⁵¹.

Likewise, this 'conscious economic system' creates by legal interventionism implies new capitalisms inside and outside government.

Despite, the rule of law determining the market framework in which economic agents can make free decisions, the framework cannot be corrected as a function of the effects that this interaction produces.¹⁵² Indeed, governments can only influence the elements that affect the market, never those that structure the market itself. This means that the political rationality influences governmental practices to achieve neoliberal goals.

Neoliberalism, as a liberal regime, allows new capitalisms to be established without changing legislation. In the establishment of a new capitalism it is necessary to define a specific historical and institutional framework,¹⁵³ which only implies a change in related institutions, such as ministries of Economy and Foreign ministries.

Neoliberalism has among its aims the expansion of global enrichment. To achieve this aim, an international structure is needed, as well as capital and natural resources available in international markets. These resources also have to be in competition. In a world in which developing and developed countries are more and more specialised it is difficult to conceive of a group of them, such as developing countries in the G77, deploying a discourse against the purposes of the international neoliberal rationality.

¹⁵¹ Foucault, 2008:167

¹⁵² Foucault, 2008:159-62

¹⁵³ Foucault, 2008:159

1.2.1.2 Limits of neoliberalism in its beginning

This research is framed in the first stage of neoliberalism. Thus, it is relevant to introduce the history of the end of liberalism to understand the relevance of international trade in the North-South relationship and its importance for developing countries such as Latin American ones.

In a Foucauldian perspective, neoliberalism as the key element of today's liberalism¹⁵⁴ appeared in the twentieth century, albeit that its international characteristics can be identified as arising at the end of the nineteenth century.¹⁵⁵ According to Foucault, neoliberalism appeared in Germany and the US after the Second World War as a reaction of liberals towards government planning produced by the wars, and against the deployment of communism, socialism, and national-socialism. Polanyi,¹⁵⁶ more precisely, argues that neoliberalism started after the Great Depression in 1930 triggered by the end of the Concert of Europe at the end of the nineteenth century, which set off an economic crisis that produced the collapse of the international economic system. Ruggie¹⁵⁷ states that embedded liberalism appeared due to the emergence of several specific developments in transnational economic activities, and can be accounted for at least in part by their perceived first-order contribution to the regimes for trade and money.

Foucauldian neoliberalism emerges as a rationality of government to face, in Germany, state reconstruction after the Second World War. According to Foucault, German liberals used the historical context to create a specific capitalism that allowed them to reconstruct a legitimate state after the Nazi period. The theory claims that the state must create a proper legal environment for the economy and maintain a healthy level of competition (rather than only "exchange"). To do this, historical studies, such as those made subsequently in the ECLA period, are vital. The historical reality is the foundation that transforms capitalism into a historical institutional capitalism. In this context, ordoliberal capitalism, based on an economic theory that is explained through a historical reality, can recreate itself, and consequently capitalism could grow after the crisis of

¹⁵⁴ Foucault, 2008:78

¹⁵⁵ Polanyi, 1946

¹⁵⁶ Polanyi, 1946:225-26

¹⁵⁷ Ruggie, 1982:383

1930.¹⁵⁸ Thus, many capitalisms are possible, such as capitalisms for industrialised and for non-industrialised countries. Foucault states:

What does this mean, historically? It means that we should guard against thinking that at a given moment there was the literal and simple economic reality of capitalism, or of capital and the accumulation of capital, which with its own necessity would have come up against old rules of right, like the right of primogeniture, for example, or ancient feudal right, etcetera, and then created, in accordance with its own logic and requirements and somehow by pressure from below, new and more favorable rules of right, whether property rights, legislation on joint stock companies, patent law, and so on. This is not how we should view things in fact. We should keep in mind that historically we are dealing with a singular figure in which economic processes and institutional framework call on each other, support each other, modify and shape each other in ceaseless reciprocity. Capitalism was not a process from below which comes up against the law-of primogeniture; for example. In fact, we can only understand the, historical figure of capitalism if we consider the role that was actually played by the rule of primogeniture, for example, in its formation and genesis. The history of capitalism can only be an economic-institutional history¹⁵⁹

The emergence of the German state implied the beginning of a new state legitimated by economic freedom, an organisation different to the laissez-faire dogma. The establishment of this new German state, that put the economy-planning state of the Nazis as its opposite, also influenced American neoliberalism, whose adversary was the New Deal.¹⁶⁰

From this critique of the state the neo-liberals found another form of state and another principle of legitimacy that moved the crisis of free-market capitalism towards the state. Then, if the market economy is not the origin of the destructive effects assigned to it, but its origin lies in the state, it may well be the basis for a reorganisation of the state and society. For ordoliberals, economic development founds sovereignty and produces public law.¹⁶¹ This scheme represented a series of decisive displacements in relation to classical liberalism, which sees the market as the place of exchange between free and rational individuals, so that the state should limit itself to intervening, except as a

¹⁵⁸ Foucault, 2008:165

¹⁵⁹ Foucault, 2008:164

¹⁶⁰ Sacchi, 2016

¹⁶¹ Sacchi, 2016:27

guarantor of private property. For neoliberals it is not the place of exchange and equivalence; its essence is competition and inequality.¹⁶²

Particularly, liberalism appears in the XVIII century linked to the birth of Political Economy and prevails until the Great War's outbreak. The most important aspect of liberalism is that the market becomes the source of state legitimacy. In other words, the market, besides international trade under the principle of comparative advantages supported by the political economy, guides the state's actions at internal and international level.¹⁶³ This relevance of markets is related to the availability of resources for national enrichment.

In particular, in Europe before the emergence of liberalism a form of international trade organisation understood as a zero-sum game prevailed; this means that the state is enriched only because of the impoverishment of another state.¹⁶⁴ This zero-sum game occurred because the resources of gold, the unique source of wealth, were restricted in international markets, and hence, the possibilities of states to grow are intrinsically limited.

This restriction of access to gold implied a limitation of state power in its global technologies, hence to compete with other states in the economic arena; the state was forced to exercise unlimited power over its populations. In this context, the implementation of the Peace of Westphalia and the regency of the zero-sum game resulted in an uneven distribution of wealth of states, causing extreme differences of power among states.¹⁶⁵ The emergence of political economy and the idea of mutual enrichment changed the zero-sum game of international trade.

The ideas of mutual enrichment were born in Europe when through the political economy European countries realised they could enrich themselves through unlimited trade. The idea of mutual enrichment was first mentioned in Adam Smith's *The Wealth of Nations*. Smith stated that 'If a foreign country can supply us with a commodity cheaper than we can make it, better buy it off them with some part of the produce of our own

¹⁶² Sacchi, 2016

¹⁶³ Foucault, 2008:53

¹⁶⁴ Foucault, 2008: 53-5

¹⁶⁵ Foucault, 2008:52. A similar situation will appear in neoliberalism, wherein the multilateral structure of the industrial state will get more power than the non-industrialized state.

industry, employed in a way in which we have some advantage'.¹⁶⁶

This idea was worked subsequently by Ricardo, who defines the Theory of Comparative Advantages in his book *On the Principles of Political Economy and Taxation*. The conclusion expressed in his work is that each state can gain by specialising in the product where it has a comparative advantage and the resulting trade of this product. Empirically, in Europe mutual enrichment was conducted through the industrialisation and commerce that was supported by raw materials that were understood as always available and provided by colonies and independent regions that produce commodities, such as Latin America.

The emergence of political economy raised the idea that the enrichment of the European state does not depend on the accumulation of gold, but rather on the ability of the state to create new markets in peaceful contexts. This context of perpetual peace was enabled by the Concert of Europe, the international structure that would allow continuous trade with the rest of the world.¹⁶⁷ The peace produced by the Concert of Europe was no longer oriented to limit the military power of countries, but rather it ensured the continuous exchange of goods in international trade, goods such as raw materials, through perpetual peace.¹⁶⁸ The industrialisation of Europe was dependent on raw material availability.

The emergence of liberalism that placed Europe as a region of unlimited economic development in relation to a world market also put Latin America in the position of raw material producer. The emergence of political economy removed the zero sum game and replaced it with the establishment of market competition to promote unlimited and collective enrichment. In this liberal context, European states became rich only when they could trade among themselves using the unlimited resources available. From this moment, the general target of the European state would be the promotion of a global collective welfare that ensured the growth of all states that could take part in the free international market.¹⁶⁹

¹⁶⁶ Smith, 1966

¹⁶⁷ Polanyi, 1944:7

¹⁶⁸ Foucault, 2008:5-9

¹⁶⁹ Foucault, 2008:142

This unlimited and collective enrichment occurs only in the long term and in conditions of free trade. That is why free trade is a key determinant in the liberal rationality. Particularly, conditions of free trade were made possible by the peace achieved through the Concert of Europe.¹⁷⁰ This, supported by international banking and sustained in international law, became the structural guardian of peace.¹⁷¹

The establishment of the Concert of Europe implied that peace was no longer oriented to limit the forces of countries, but rather it was the way to ensure the exchange of goods from European states in free international trade. Thus, while nationalism and industry allow ferocious wars, adequate safeguards were erected for the continuance of peaceful business in wartime.^{172/173}

In this new structure of free trade the balance of payments acquires a vital status, and the gold standard becomes the central part of international trade.¹⁷⁴⁻¹⁷⁵ Balance of payments became the connector between national and international practices in the state. This was because it represented the economic behaviour of states while the gold standard enabled an equivalency between national currencies so they could interact in international trade.

According to Ruggie,¹⁷⁶ this relationship between economic regimes and international transaction flows is inherently problematic, because the domain of international regimes consists of the behavior of states, vis-a-vis one another and vis-a-vis

¹⁷⁰ Polanyi, 1944:7; Foucault, 2008

¹⁷¹ Polanyi states that the mechanism to achieve market expansion by the Concert of Europe was through the establishment of the "haute Finance", which he defines as "an institution *sui generis*, peculiar to the last third of the nineteenth and the first third of the twentieth century, that functioned as the main link between the political and the economic organization of the world in this period [...] While the Concert of Europe acted only at intervals, haute finance functioned as a permanent agency of the most elastic kind. Independent of single governments, even of the most powerful, it was in touch with all; independent of the central banks, even of the Bank of England, it was closely connected with them. [...] the successful maintenance of general peace lay undoubtedly in the position, organization, and techniques of international finance" (Polanyi, 1944:10). The mechanism used by the "haute finance" was international banking. Bankers invested high amounts of money in emergent companies and granted credits to several states. This situation allowed banking institutions to act independently, mainly due to the needs of the time which demanded a sovereign agent commanding the confidence of national statesmen and international investor alike (Polanyi, 1944:10).

¹⁷² Polanyi, 1944:10

¹⁷³ For example, Foucault (2008) claims that the law of the sea, implemented in the eighteenth century, played an important role in facilitating the development of the global market. This law ensured free competition and free movement of goods in the sea, the main means of transportation.

¹⁷⁴ Polanyi, 1944:14

¹⁷⁵ In the thinking of Foucault, this situation means that liberal political rationality limits state actions in regard to trade nationwide, but in the same way, through the principle of competitiveness of states - determined by Ricardian ideas - liberal rationality must deal with an unlimited international expansion.

¹⁷⁶ Ruggie, 1982:383

the market-place, not the market-place itself. In this relationship between national currencies, which is so important for domestic markets, for the commodity money, and for international trade, central banks gained relevance in the international economic interaction. This regulation of currencies by central banks that replaced the self-regulation of markets began the union between politics and economy.¹⁷⁷

The banking role is important because it plays a relevant role in agriculture protectionism by industrialised countries. Banking fostered the implementation of protectionist regulations at national level, because it enabled the protection of vulnerable national sectors regarding international monetary variations. This protectionism in industrialised countries would have a wide impact in countries that were producers of raw materials, such as in Latin America, a situation that would become an integral component of the G77 claims in the UN negotiations.

Protectionism was a practice rooted in European states that liberalism sought to eradicate.¹⁷⁸ However, an administrative machine allowed protectionism to be maintained. This administrative machine, that must be continuously modified, enables the necessary domestic changes that can maintain the new imposed *laissez-faire*. This *laissez-faire*, promoting freedom through national regulation, was the pillar of neoliberalism.¹⁷⁹

The imposition of *laissez faire* at national level involved the growth of the administrative functions of the European state. This administrative growth was due to the state liberal rationality that does not allow the state to do anything directly to the market other than just removing restrictions hindering the market. This means that the government could act, but only indirectly. Polanyi¹⁸⁰ cites Bentham to explain this action of through government.

¹⁷⁷ Foucault, 2008:13-19

¹⁷⁸ Polanyi raises the poor law as an example. In the beginning this legislation allowed the dispossessed to avoid starving. This legislation helped producers to opt for work available when business required it. Liberals sought to have these laws suppressed to promote the creation of a working class dependent on work. The Liberals imposed their ideas; subsidies to the poor were abolished and liberalism in the workforce began. Likewise, Liberals began to seek liberalism of the currency and trade based on the automatic pivot of the gold standard. As Polanyi specifies: "Protectionism was a three-pronged drive. Land, labour, and money, each played their part, but while land and labour were linked to definite though broad social strata, such as the workers or the peasantry, monetary protectionism was, to a greater extent, a national factor, often fusing diverse interests into a collective whole. Though monetary policy, too, could divide as well as unite, objectively the monetary system was the strongest among the economic forces integrating the nation" (Polanyi, 1944:204).

¹⁷⁹ Polanyi, 1944:204

¹⁸⁰ Polanyi, 1944:139-40

True, legislation could do nothing directly, except by repealing harmful restrictions. But that did not mean that government could do nothing, especially indirectly. On the contrary, the utilitarian liberal saw in government the great agency for achieving happiness. [...] Bentham believed, the influence of legislation "is as nothing" in comparison with the unconscious contribution of the "minister of the police." Of the three things needed for economic success—inclination, knowledge, and power—the private person possessed only inclination. Knowledge and power, Bentham taught, can be administered much cheaper by government than by private persons. [...] Benthamite liberalism meant the replacing of Parliamentary action by action through administrative organs [...] This growth of administration reflected the spirit of utilitarianism. Bentham's fabulous Panopticon, his most personal Utopia, was a star-shaped building from the center of which prison wardens could keep the greatest number of jailbirds under the most effective supervision at the smallest cost to the public. Similarly, in the utilitarian state his favorite principle of "inspectability" ensured that the Minister at the top should keep effective control over all local administration.¹⁸¹

Therefore, international regulations became necessary to guarantee that self-regulating markets achieved full *laissez-faire*. This situation caused such contradiction in the liberal system that it would become one of the institutional sources of rupture. In this era of protectionism, the colonial expansion played its part.¹⁸²

The disruption and the consequent historical events meant that trade could not fulfill its role, market laws were put in check, liberalism entered crisis and the First World War broke out. This global crisis generated a re-evaluation of liberal reason and governmental practice, producing the birth of a new kind of liberalism that would be called neoliberalism.¹⁸³

The outbreak of the Great War reflected the crisis of the liberal rationality, producing a re-evaluation of liberal reasons. From this a new governmental rationality emerged, called embedded liberalism, which differs from classical liberalism.¹⁸⁴ Ruggie¹⁸⁵ explains it:

¹⁸¹ Polanyi, 1944: 139-140

¹⁸² Polanyi, 1944:41-2

¹⁸³ Ruggie, 2002; Polanyi, 1944; Foucault, 2008

¹⁸⁴ Ruggie, 1984:383; Polanyi, 1944; Foucault, 2008; Harvey, 2005

¹⁸⁵ Ruggie, 2002:63

The new international economic order that would emerge from World War II, Polanyi concluded, on the one hand would mark the end of “capitalist internationalism,” as governments learned the lesson that international automaticity stands in fundamental and potentially explosive contradiction to an active state domestically, and, on the other hand, the emergence of deliberate management of international economic transactions by means of collaboration among governments.¹⁸⁶

Postwar treaties mitigated the peace crisis but aggravated the economic crisis, leading to the second war. The return to the twentieth century system was considered the only way out. This meant the establishment of an international order endowed with power capable of transcending national sovereignty.¹⁸⁷ The League of Nations was intended to rebuild the international system of currencies as the only possible safeguard for peace between sovereign states. According to Ruggie¹⁸⁸:

...the task of postwar institutional reconstruction was to devise a framework which would safeguard and even aid the quest for domestic stability without at the same time, triggering the mutually destructive external consequences that had plagued the interwar period. This was the essence of the embedded liberalism compromise: unlike the economic nationalism of the thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism.¹⁸⁹

It was believed that only the restoration of the previous system of “solid foundation” would bring peace and prosperity. The need to restore currencies implied the need to control deflation nationwide. This deflationary necessity promoted the creation of a free economy under the stewardship of a strong government, which is characteristic of neoliberalism. Polanyi¹⁹⁰ states:

In 1932, the Report of the Gold Delegation of the League of Nations declared that with the return of the exchange uncertainty the main monetary achievement of the last decade had been eliminated. What the Report did not say was that in the course of these vain deflationary efforts free markets had not been restored though free governments had been

¹⁸⁶ Ruggie, 2002:63

¹⁸⁷ Foucault, 2008; Ruggie, 2002

¹⁸⁸ Ruggie, 1982:393

¹⁸⁹ Ruggie, 1982: 393

¹⁹⁰ Polanyi, 1944:233

sacrificed. Though opposed in theory to interventionism and inflation alike, economic liberals had chosen between the two and set the sound-currency ideal above that of non-intervention. In so doing they followed the logic inherent in a self-regulating economy. Yet such a course of action tended to spread the crisis, it burdened finance with the unbearable strain of massive economic dislocations, and it heaped up the deficits of the various national economies to the point where a disruption of the remnants of international division of labour became inevitable.¹⁹¹

Nevertheless, Europe lacked a political system capable of supporting this new model. This instability promoted a global transformation from the thirties, such as the abandonment of the gold standard by the UK, five-year plans in Russia, the launch of the New Deal in the US, the national Socialist revolution of Germany and the disintegration of the League of Nations.

In general terms, the outbreak of world wars exacerbated the interruption of free trade that was impeding access to unlimited markets, as claimed by the liberal rationality. The restrictions on the trade created problems for state enrichment, which produced two situations. The first was that states' fear of one state becoming an empire to dominate trade reappeared; and the second one was that states needed to find ways to solve their internal problems related to international free trade.¹⁹² This search for freedom in markets produced the establishment of new institutions at international level. According to Polanyi¹⁹³ :

[...] no less than a complete destruction of the national institutions of nineteenth century society accompanied the crisis in a great part of the world, and everywhere these institutions were changed and re-formed almost out of recognition. The liberal state was in many countries replaced by totalitarian dictatorships, and the central institution of the century— production based on free markets—was superseded by new forms of economy. While great nations recast the very mold of their thought and hurled themselves into wars to enslave the world in the name of unheard-of conceptions of the nature of the universe, even greater nations rushed to the defense of freedom which acquired an equally unheard of meaning at their hands.¹⁹⁴

¹⁹¹ Polanyi, 1944:233

¹⁹² Foucault, 2008:53-5

¹⁹³ Polanyi, 1944:29

¹⁹⁴ Polanyi, 1944:29

These institutions were the United Nations system and the consequent GATT to regulate trade.

The inception of the United Nations and the current economic system have their roots in the crisis of liberalism that created the need to protect free trade and the consequent rise of protectionist measures. The decadence of liberalism triggered the ECLA's interest in explaining Latin American problems in international trade, and the resulting underdevelopment that gave support to the emergence of the G77. Indeed, the structural asymmetry of the global economic system has its pillars in the emergence of political economy. This defines the place of Europe regarding the rest of the world¹⁹⁵ and, consequently, defines the position of Latin America as a regional producer of raw materials. It creates the difference among states.

¹⁹⁵ Foucault, 2008:61

1.2.2 The international context of the G77 inception

Neoliberalism in Latin America became a relevant issue in the 90s when the WB and the IMF started to implement structural economic reforms aligned with the Washington Consensus.¹⁹⁶ Given that neoliberalism was dominated by the IMF and the WB,¹⁹⁷ these reforms entailed a far-reaching imposition of neoliberal policies on developing countries.¹⁹⁸ Indeed, financing for development has relied on countries joining the neoliberal mainstream, and their adhesion to the IMF and the World Trade Organisation (WTO) has become an essential pre-requisite to participate in global negotiations.¹⁹⁹

Those reforms that sought to solve the external debt crisis²⁰⁰ also placed the market at the centre of developmental strategies.²⁰¹ Strategies that affected the international economic integration of Latin American countries generated a transformation in the paradigm of its foreign policies.²⁰² Indeed, some Latin American presidents were strong advocates of neoliberal politics in international affairs. For example in Brazil, presidents Collor de Mello (1990-1992) and Cardoso (1992-2001) broke with past political trends and paradigms²⁰³ to restore international economic affairs concerned with improving external perceptions of Brazil.

By the end of the 1990s, neoliberal changes produced in Latin America widespread dissatisfaction. For instance, changes promoted by the multilateral system did not contribute significantly to boosting productivity and economic growth; on the contrary, they increased poverty, deepened inequality and worsened environmental conditions.²⁰⁴ The effects of neoliberalism on foreign policy were several, such as a further external indebtedness to sustain monetary stability in the middle of speculative capital flows; sale of governmental firms to pay out financial commitments; change from a productive multilateralism to a commercial one; trade conflicts among members of

¹⁹⁶ Panizza, 2013; Williamson, 1990; Williamson, 2002

¹⁹⁷ Williamson, 1990; Mertes, 2002, in Routledge, 2003; Irvine, 2010

¹⁹⁸ Irvine, 2007; Hirsch and Henderson, 2011; Peck, 2004; Harvey, 2005; Castree, 2009a-b; Tickell & Peck, 2003

¹⁹⁹ Harvey, 2005; Routledge, 2003

²⁰⁰ Hirsch & Henderson, 2011; Irvine, 2007; Haffner & Vidal, 2012; Carranza, 2004

²⁰¹ Murray and Overton, 2011

²⁰² Cervo, 2000

²⁰³ Haffner & Vidal, 2012

²⁰⁴ Barcena et al., 2002; Barcena & De Miguel, 2002; Naim, 2000

economic blocs such as MERCOSUR and *Pacto Andino*; and the transfer of technological research to multinational companies.²⁰⁵

Dissatisfaction that arose due to implementation of Washington Consensus guidelines and the emergence of the Asian financial crisis in 1997²⁰⁶ put into question the neoliberal process. Econ Poyry²⁰⁷ states:

The multilateral institutions "failure" to fully understand and respond properly creating a legitimacy issue for the developed countries and their institutions; developing economies became more sceptical about the leadership of the West, the "Western model" of democracy and free markets, and the capacity of the G7-led multilateral financial institutions to serve their needs. As a global recovery began in the first years of the 21st century, developing countries began to look for their own models for growth. The countries taking the lead were Brazil, Russia, India and China.²⁰⁸

In Latin America, this questioning process of neoliberalism and the events of 11 September 2001, which changed the US's multilateral focus toward the "war on terror", also triggered a shift in approach to the multilateral process in Latin America.²⁰⁹ Indeed, some Latin American countries changed from basing their multilateral interests on economic issues toward multilateral interests based on political issues, focusing on alliances with other developing countries.²¹⁰ In this context, neoliberal changes entailed altered Latin American multilateral objectives, such as the promotion of regional blocs and the cooperation with other developing countries.²¹¹ Thus, coalitions of developing countries, such as the G77, were reinforced due to the strengthening of the North-South divide in the aftermath of 9/11; this become the way developing countries reinforced their positions and assumptions against states of the North.²¹²

Likewise, several groups of countries were set up. At the regional level, groups such as ALCA and IIRSA were established; while on a global scale, the IBSA forum

²⁰⁵ Cervo, 2000

²⁰⁶ Shepard & Leitner, 2010

²⁰⁷ Econ Poyry, 2010:4

²⁰⁸ Econ Poyry, 2010:4

²⁰⁹ Boniface, 2011

²¹⁰ Daudelin et al., 2011

²¹¹ Viola, 2004

²¹² Alden & Vieira, 2006

dialogue was established. The IBSA, in particular, created by India, Brazil, and South Africa in 2003, aimed to ‘contribute to the construction of a new international architecture, to bring their voice on global issues and to deepen their ties in various areas’²¹³. The relevance of IBSA is as the multilateral group precursor of BASIC (IBSA+ China). BASIC has strongly influenced recent climate negotiations, especially the Copenhagen conference in 2009,²¹⁴ where the accord was negotiated by BASIC and the United States.²¹⁵

Regarding the G77, it maintains its aims in the present. For example, in 2004, on the occasion of the fortieth anniversary of the G77 at the UNCTAD,²¹⁶ the organisation stated that:

The Group continues to strive for equity and justice in international economic relations in the belief that this can build a really solid foundation for world peace and contributed to a stable and prosperous world. [...] The fact that the Group was born alongside UNCTAD reflects the acknowledgment that the establishment of an equitable international trade regime has been a central issue to the development agenda. Subsequently, the Group brought its collective will to bear on the pursuit of common goals in the related fields of, inter alia, finance, foreign direct investment, capital market, external debt, food, agriculture, industrialization, intellectual property rights, social development, health, education, sustainable development, science and technology, and information and communication technology. The institutional development of the Group of 77 led to the creation of chapters to defend and promote the interests of developing countries within the organizations of the UN system including the Bretton Woods Institutions.²¹⁷

Likewise, in the Santa Cruz declaration in the Commemorative Summit on the occasion of the fiftieth anniversary of the establishment of the Group of G77, in Bolivia in 2014, the G77²¹⁸ claimed among its aims:

²¹³ Casanova & Kassum, 2014

²¹⁴ Pendleton, 2009

²¹⁵ Egenhofer and Georgiev, 2009; Papa, 2010; Papa & Gleason, 2012

²¹⁶ UNCTAD, 2004:2

²¹⁷ UNCTAD 2004:2

²¹⁸ Ahmia, 2015:416

We pledge to continue the tradition of our countries on building national development and uniting at the international level, towards the establishment of a just international order in the world economy that supports developing countries achieve our objectives of sustained economic growth, full employment, social equity, provision of basic goods and services to our people, protection of the environment and living in harmony with nature.²¹⁹

The Group of 77 (G77) is the group of negotiation through which the South raises its voice against the North²²⁰ and advocates the perspectives of the developing world. Together with the Non-Alignment movement (NAM), this group is the most important institutional expression of the interests and views of the “South” in the United Nations system.²²¹

It is important to mention that the G77 was established in a similar period to the Non-Alignment movement (NAM) under the United Nations umbrella. While the G77 was focused on economic issues, the NAM was established to address problems of peace related to the Cold War. The G77 was born with a profile more economic while the NAM was born with a more political one.²²²

The G77 emerged to aggregate and articulate the demands of the developing countries to improve their negotiating capacity at UN negotiations. The G77 gives a voice to the ‘powerless’.²²³

In general terms, the G77 represents the South in the division between the North and the South that afflicts much of the UN’s intergovernmental system,²²⁴ such as the UN General Assembly, its Economic and Social Council (ECOSOC) and a number of its functional commissions and executive boards.²²⁵

Through the G77 the South has built in recent decades an idea about itself that has been reinforced in the multilateral arena, and recognised by developed countries. For instance, the Brandt report, also called the Report of the Independent Commission on

²¹⁹ Ahmia, 2015:416

²²⁰ Restrepo, 2014

²²¹ Najam, 2005:306

²²² Alden, Morphet and Vieira, 2010:57

²²³ Kasa, Gullberg & Heggelund, 2008:xxx

²²⁴ Najam, 2005

²²⁵ Malone and Hagman, 2002

International Development Issues (1980)²²⁶ states that ‘nations from the South see themselves under a common claim’. This common claim, or shared identity, of the developing countries of the South is largely based on their being collectively defined in terms of what the North’s countries are not.²²⁷

The name “Group of 77” reflects the original number of countries that established the group. Currently the number of members has grown to 130 countries. The institutional structure of the G77 has developed over time, and is closely linked to selected UN institutions such as Geneva (UNCTAD) and New York (UN General Assembly) in 1964, Paris (UNESCO) in 1969, and Rome (FAO), Nairobi (UNEP), Vienna (FAO, UNIDO), and Washington DC (IMF and the World Bank) in 1972 (G77 2007). This group is constituted by a large number of developing countries that share similar conditions such as underdevelopment and marginalisation. They also share similar interests, such as the achievement of comprehensive economic arrangements in favour of all developing countries, and the need for more opportunities in the international economic system.²²⁸

Regarding its administrative structure, in the G77 all organisational features are based on the three geographic groups, namely Africa, Asia, and Latin America; the final position on any issue is first discussed at those regional levels.²²⁹ The chairmanship, which is the highest political institution in the organisation, is based on annual rotation between those three geographical groupings (G77, 2007). The chair serves as the spokesman for the whole G77 caucus. The G77 is not a policy-making body, it is principally a forum for the co-ordination and harmonisation of individual viewpoints.²³⁰ It is the group through which developing countries demand equity in the international economic system.

The main aim of the G77 from the beginning was the consolidation of international institutions and the restructuring of the entire trading system to establish a New International Economic Order.²³¹ The demand for a Generalised System of Preferences (GSP) became one of the key demands of the G77 between 1964 and 1970.

²²⁶ Stewart, 1980

²²⁷ Williams, 2005

²²⁸ Rodrigues, 2010; Costa, 2012

²²⁹ Kasa, Gullberg & Heggelund, 2008

²³⁰ idem

²³¹ Patel, 2007

For example, Yamin and Depledge²³² claim that poverty is the defining characteristic that leads developing states to join the G77, and that their primary preoccupation is with poverty eradication and the 'right to development' and 'respect for sovereignty'.²³³ Its principal achievement was the differentiated recognition of the developing world.

The G77 was formed to enhance developing countries' bargaining power. Indeed, in order to gain control over their economic futures, they began coordinating their efforts within the UN, where their growing number and voting power gave them greater influence than they could otherwise command.²³⁴ They used their voting power to convene the UNCTAD, where they established the Group of 77.

Scholars state that developing countries tend to form groups of negotiations to increase their influence in world politics and achieve aggregate power.²³⁵ For example, Latin American countries take a common position with other developing countries at the UN to increase interdependence among these countries, and to demand a solution to their common problems.²³⁶ They try to level the playing field among international centre and periphery,²³⁷ in which the multilateral structure favours industrialised countries' interests in conferences, such as on trade and climate,²³⁸ and elsewhere within the UN system.²³⁹ The New International Economic Order they sought could only be brought about through joint, concerted political pressure of developing countries on industrial countries.²⁴⁰

This bloc appears in every set of negotiations at the UN system, functioning as a political instrument for the South addressing North-South issues.²⁴¹ Whereas the Non-Aligned movement in the early 1960s was predominantly preoccupied with political and military matters due to the Cold War, the G77 was mainly concerned with economic issues and initially ranged much wider than the non-aligned in its membership.²⁴² The G77 has been the most significant group of negotiations for Latin American countries within

²³² Yamin and Depledge, 2004:34–6

²³³ Kasa, Gullberg & Heggelund, 2008

²³⁴ Kegley, 2010:122

²³⁵ Winkler, 1998; Hosli et al., 1999; Najam, 2005; Ruse, 2010; Williams, 2005; Ravenhill, 2014

²³⁶ Gratius & Saraiva, 2013

²³⁷ Oliveira, Onuki & Oliveira, 2009:157

²³⁸ Ravenhill, 2014

²³⁹ Yamin and Depledge, 2004:35; Dosman, 2008

²⁴⁰ Kugler & Malik, 2013

²⁴¹ Kasa, Gullberg & Heggelund, 2008; Yamin and Depledge, 2004

²⁴² Geldart and Lyon, 1980

the UN system.²⁴³

The G77 was established before the deployment of neoliberalism in Latin America. It emerged in a complicated period of the Cold War, in which the world was no longer divided into two clearly opposed blocs, and in which Latin America was under significant US influence.

The Cold War arrived in Latin America in the 50s when the US decided to fight communism in the region.²⁴⁴ The United States' first Latin American Cold War intervention was in Guatemala in 1954.²⁴⁵ The most important events were the Cuban revolution and the Cuban Missile Crisis, which distorted US perceptions about the nature of the threat to its security, and led to its strategy to defend Latin American countries against an external aggressor.²⁴⁶

The Cold War in Latin American countries was shaped by US dominance. According to Barnett,²⁴⁷ American foreign policy as a representation of the militarisation of politics at the domestic level was first defined as a policy of 'containment' after 'mass reprisal', and then as 'limited war'.

Following the Truman Doctrine, the American government was focused on the reinforcement of a hemispherical security policy that started with the Inter-American Treaty of Reciprocal Assistance (TIAR) decades before. The TIAR signed in Rio de Janeiro in 1947 established the "hemispheric defense" doctrine,²⁴⁸ and allowed the US the right to intervene against what it regarded as communist activity in the region. In this process, the Organisation of American States (OAS) became a vehicle for its anti-communism.²⁴⁹

The OAS, established at the First International Conference of American States held in Washington, D.C., between 1889 and 1890, was created 'for the purpose of discussing and recommending for adoption to their respective Governments some plan of

²⁴³ Costa, 2012

²⁴⁴ Horwitz and Bagley, 2016:185; Grandin & Klein, 2011

²⁴⁵ Grandin & Klein, 2011

²⁴⁶ O'Toole, 2014; Wilson, 2005

²⁴⁷ Barnett, 1974:6

²⁴⁸ Elgart, 1962

²⁴⁹ O'Toole, 2014

arbitration for the settlement of disagreements and disputes that may hereafter arise between them, and for considering questions relating to the improvement of business intercourse and means of direct communication between said countries, and to encourage such reciprocal commercial relations as will be beneficial to all and secure more extensive markets for the products of each of said countries'.²⁵⁰

At governmental level, the Cold War reflected US interest in the implementation of authoritarian governments in Latin America. This was because democracy was coming to mean a 'commitment to popular, more particular working class participation in politics, and social and economic improvements for the poorer sections of the population. Democracy increasingly became identified with development and welfare. This was a vision of the Latin American Left, both Communist and non-Communist'.²⁵¹ Thus, despite after the Second World War only Paraguay, El Salvador, Honduras, Nicaragua and the Dominican Republic existing under authoritarian governments, by 1954 dictators ruled a majority of Latin American governments, and those which retained some form of democracy veered to the right.²⁵²

The ECLA was established in 1949 by democratic Latin American governments that began to challenge traditional export interests affected by the end of wars. Governments that had enjoyed increased exports during the war found that post-war recovery in Europe caused a fall in their numbers again. Government officials and economists began to argue that Latin America would need to invigorate its industrialisation process in order to compete in the ISI (import-substitution industrialisation) to reduce reliance on the import of manufactured goods; the ECLA was established to support these purposes.²⁵³ The ECLA project, according to Santa Cruz²⁵⁴, a Chilean diplomat and one of the founder members of the ECLA,

[...] was based on the fact that Latin America had entered into a serious crisis stemming from the economic effort made to defend the cause of the United Nations during the war and the disruption it had caused to the world economy; and in the fact that it was necessary

²⁵⁰ The OAS history, in: http://www.oas.org/en/about/our_history.asp

²⁵¹ Bethel and Roxborough, 2005:9

²⁵² Grandin & Klein, 2011

²⁵³ O'Toole, 2014

²⁵⁴ Santa Cruz, 1995:28. Free translation

to "develop the industry of the countries of Latin America and make the most of their enormous natural resources to raise the standard of living of their inhabitants, help solve the economic problems of other continents, achieve a better balance of Building world economy and intensifying international trade."²⁵⁵

The first UNCTAD and the G77 were established in a new wave of democracies in the region. By 1961, there were again only a handful of Latin American nations that were not, at least nominally, democratic and many of them promoted political and economic modernisation backed up by the Alliance for Progress endorsed by John F. Kennedy.²⁵⁶ The objective of the Alliance was to nurture centrist, reformist alternatives to dictatorship, premised on the notion that economic development and social reform could avert revolution.²⁵⁷ In this period, the ECLA likewise advocated a much greater injection of foreign aid in the South and encouraged socio-economic reform to avoid social revolutions, as well as supporting proposals for structural reform, especially agrarian reform.²⁵⁸

Despite this being seen as a demilitarised period, it was a stage in which the US encouraged the modernisation and invigoration of Latin American militaries as well as the establishment of centralised intelligence agencies. In an effort to counter real and perceived insurgent threats supported by dictatorial governments, the Military Assistance Program of the US focused specifically on expanding counter-insurgency tactics that were defined by the Pentagon as a combination of military, para-military, political, economic, psychological and civic action carried out by a government in order to destroy any movement of subversive insurgency.²⁵⁹

In this international framework, the economic and political roles of Latin American countries were aligned with the military strategy of the US in the hemisphere. Among the purposes of the US, the control of resources from Latin American countries was central. Among the goals set out in US military strategy for the region was to ensure the continued and growing production of essential strategic materials and internal

²⁵⁵ Santa Cruz, 1995:28. Free translation

²⁵⁶ Grandin & Klein, 2011:10

²⁵⁷ O'Toole, 2014

²⁵⁸ Wilson, 2005

²⁵⁹ Wilson, 2005

security to ensure the protection of facilities on which these strategic materials depend. According to Romano²⁶⁰ in research using classified US government documents, the main aim of the US in security policies was ‘to guarantee the flow of raw materials and strategic materials from Latin America to the United States, for which hemispheric security was necessary, but also internal “stability” and security’. Also, Romano²⁶¹ states:

The type of economic-political relationship between Latin America and the United States in the early years of the Cold War continued the dynamic peripheral-center established in inter-American relations since the end of the nineteenth century, 9 only at a juncture of rising prices of some commodities Premiums¹⁰. According to the report of the Office of Inter-American Affairs, in 1950 Latin America had exported US \$ 2.8 billion in goods to the United States, 35% of the total imports from the United States, including staples such as coffee and sugar. Latin America provided 25% of total US imports of metal and manufactures; 46% of the imports of wool; 61% of the oil and more than 50% of the imports of copper, lead, nitrate and henequen fibre [...] These data show quite clearly the importance of Latin American raw materials for the US economy, and with it, the vitality of guaranteeing the flow of them.²⁶²

As Latin American states in the late 1950s began to respond to Cold War concerns about national security they tightened their centralised control over territory, administration and economic resources.²⁶³ According to Rabe²⁶⁴ development assistance should not be geared towards ‘rapid industrialisation in Latin America’, but rather aimed at increasing agricultural production. Consequently, the Latin American role imposed by the US in the Cold War was as a supplier of raw materials and strategic resources, not as a region of competitive manufacturing.²⁶⁵

1.2.3 The possibility of neoliberal purposes

Given the previous antecedents, it is possible to think that neoliberalism could be linked to Latin American participation in the G77 at the UNCTAD I. Neoliberalism as a

²⁶⁰ Romano, 2012:220

²⁶¹ Romano, 2012:225. Free translation

²⁶² Romano, 2012: 225. Free translation.

²⁶³ O’Toole, 2014

²⁶⁴ Rabe, 1988:19

²⁶⁵ Romano, 2012

governmental rationality could use for its purposes the Latin American participation in the G77 at the UN.

To say that Latin American development was not harmed by the inequity in the international economic system runs counter to a discursive interest that takes this for granted. However, Latin America could have had other reasons to maintain its discourse in the G77 about the need for development and the need to change the economic system. For example, the narrative about the liberalisation of markets promoted by a neoliberal North could be useful for Southern politicians to blame others for their own failures and economic deceptions.

Likewise, Latin America in the G77 placed the region deliberately outside the power centre. This position of underdevelopment gave to Latin American countries the possibility of challenging the established order and the opportunity to promote the promise of a “better future”, a future in which excluded states could obtain the benefits of the international order, a future in which all states are equal. In this future, developing countries would be included in the economic order, they would participate in international trade without restrictions, and be able to achieve industrialisation and development.

Therefore, it is appropriate to ask how this interest of Latin America in deploying the problem of their trade terms in the UN is related to neoliberalism. The answer is mainly that developing countries’ need for vindication, on one hand, and their need for neoliberalism to expand markets, on the other, are in fact interlinked and mutually reinforced. Neoliberalism could have used these discourses politically.

The collaboration among developing countries to address international negotiations in world politics has been established by several authors.²⁶⁶ Likewise, this collaboration in negotiations has addressed many different areas, such as trade matters²⁶⁷ and environmental issues.²⁶⁸ Nevertheless, there are not many theoretical writings about developing countries’ participation in coalitions such as the G77,²⁶⁹ and there is no

²⁶⁶ Miller, 1995; Williams, 2005; Vihma et al., 2011

²⁶⁷ See: Kahler and Odell, 1989; Tussie and Glover, 1995; Panagariya, 2002; Narlikar and Odell, 2004; Narlikar and Tussie, 2004; Hurrell and Narlikar, 2006; Crescenzi et al., 2007; Scott 2010

²⁶⁸ See several perspectives: Miller, 1995; Najam, 2005; Kasa et al., 2007; Roger and Belliethathan, 2014; Masters, 2011; Vihma, 2011; Weiler, 2012; Bailer and Weiler, 2014; Hallding et al., 2013; Allan & Dauvergne, 2013; De Agueda Corneloup & Mol, 2014

²⁶⁹ Narlikar and Tussie, 2004; Prieur and Serrano, 2006

literature that addresses the relationship between neoliberalism and Latin American participation in the G77. Hence, seeking this relationship appears an attractive issue for research, as does exploring the political reasons behind the practice.

Therefore, this study seeks to explore the Latin American role in the inception of the G77 to identify its connection with neoliberalism. The study seeks to examine Latin America as a region containing countries that have largely participated in coalitions of developing countries, and which has promoted the need for group collaboration at the UN.

Thus, working on an “under-development hypothesis” that explains Latin American countries’ participation in the G77, and utilising the precepts of Michel Foucault, it is possible to enunciate historical-theoretical questions and historical-political questions to organise an alternate possible history:

Historic-theoretical questions: Do the workings of power, and, in particular, those mechanisms that bring Latin America to take part in the G77 at the UN, actually connect to the development idea? Are the development forms the means through which power is exercised at the United Nations? What is the role of neoliberalism in this mechanism that produces discourses about trade inequality in international negotiations?

Historic-political questions: Did the underdevelopment discourse that addresses Latin America through the G77 at the UN come to act as a roadblock to a power mechanism that had operated unchallenged; or, is this in fact part of the same historical network that promotes the international structure of trade? Is there a historical rupture (rather than a consistency) at the beginning of Latin American participation in the G77? Is this rupture linked to neoliberalism?

The aim of these questions is not to deny the trade inequality claimed by Latin American countries; the objective is to determinate the regime of knowledge-power-underdevelopment that has supported Latin American countries’ participation in the G77. The final aim is to establish how this discursive underdevelopment is related to the neoliberal rationality and what has been its relationship. Therefore, and taking the ideas of Foucault on board²⁷⁰ it is expected:

²⁷⁰ Foucault, 1979:11

[...] to account for the fact that it is spoken about, to discover who does the speaking, the positions and viewpoints from which they speak, the institutions which prompt people to speak about it and which store and distribute the things that are said. What is at issue, briefly is the over-all “discursive fact” the way in which [the topic] is “put into discourse”.²⁷¹

It is necessary to remark that this study recognises that the G77 has discourses against neoliberalism. The research accepts that the North (and the countries that compose it) is against the purposes of the G77. The research is not about the G77 opposing neoliberalism, it is about identifying the relation between neoliberalism and LAT in the inception of the G77.

Indeed, despite the development of this research being conducted over a case that uses the G77, it does not mean that this research is intended to understand this group at the United Nations. Likewise, this research does not aim to explain groups and the elements that propel developing countries to take part in them at UN negotiations. Rather, this research seeks a better understanding of the relationship between neoliberalism and the ECLA discourses, as a representation of the Latin American perspective, that promotes the establishment of the G77.

²⁷¹ Foucault, 1979: 11

CHAPTER TWO

Methodological approach

2.1. Introduction

This study is framed in a qualitative methodological perspective that uses discourse analysis, which roughly implies the establishment of a semantic content of concepts used in a given discourse. Discourse analysis is most commonly defined as a 'large set of methodological approaches concerned with the production of meaning through talk and texts'.²⁷² Discursive analysis therefore does not amount to a rejection of the reality of the world out there but, rather, investigates that world's interpretation and constitution through human systems of signification.²⁷³ Regarding political perspective, and according to Van Dijk,²⁷⁴ Political discourse analysis is both, it is about political discourse, and it is also a critical enterprise.

Discourse analysis is a dynamic area of social science that is used by several disciplines²⁷⁵ and which has an inter-disciplinary nature. It can be considered a new transdisciplinary science that explore theories, text, conversations, messages and speech in all branches of humanities and social sciences.²⁷⁶ However, while strongly rooted in a post-positivist approach, discourse analysis is difficult to localise.²⁷⁷

Discourses are seen as inescapable media to make sense and reproduce reality. They are a key source of information, yet a source which needs to be analysed in itself rather than being taken for granted.²⁷⁸ For example, discourse and discourse analysis have been among the most popular concepts and tools to study the formation of geopolitical identities.²⁷⁹ Discourse, or 'discursive formations' as Foucault puts it, are not to be mistaken for political or daily speeches.²⁸⁰

In researches of international relations, the use of discourse in analytical

²⁷² Tonkiss, 2002:246

²⁷³ Loisel, 2005:9

²⁷⁴ Van Dijk, 1997:11

²⁷⁵ Brown and Yule, 1993

²⁷⁶ Van Dijk, 1997

²⁷⁷ Loisel, 2005

²⁷⁸ Loisel, 2005:11

²⁷⁹ Muller, 2011

²⁸⁰ Loisel, 2005:9

approaches has increased considerably,²⁸¹ especially in the field of security studies, but has been little used in foreign policy.²⁸² Indeed, according to Loisel²⁸³ discourse analysis in researches of international relations discourse analysis frameworks provides interesting and complementary tools for an analysis of the patterns and processes of foreign policy.

Milliken²⁸⁴ describes three commitments to establish different types of research and methods in discourse theorising in international relations studies. The first commitment uses discourses as a system of signification. This means that the discourse is a structure of signification that constructs social realities. The second commitment is the productivity of discourses, this means that the discourse is productive or reproductive of things defined by the discourse. The third commitment is the discourse as the play of practice, which is oriented to study dominating discourses, and their structure of meaning as connected to the implementation of practices and ways of making these intelligible and legitimate. This last commitment entails a critique of conventional international relations theory as providing “ahistorical accounts of continuity and structural form that ignore historical transformations, and a concern for genealogies”, exploring historical discontinuities and ruptures in international relations that conventional theories have erased.²⁸⁵

Ghica²⁸⁶ states three different perspectives on discourse and discourse analysis:

First, there is the above-mentioned strategy, inspired mainly by socio-linguistics, which treats language as a textual unit. A second generation of discourse analysis research developed around some of the main ideas of Michel Foucault, particularly around his view on the relation between power and knowledge. From this perspective, discourse is defined in terms of social practices, while discourse analysis is a large methodological approach that aims at analyzing linguistic and non-linguistic data as discursive forms. This argument is shared also by the members of the third generation of discourse analysis, but it is extended to the entire social realm. Influenced mostly by the work of Jacques Derrida, this third generation represents social reality and discourse as mutually constituting each

²⁸¹ Muller, 2011

²⁸² Loisel, 2005

²⁸³ idem

²⁸⁴ Milliken, 1999:228-30

²⁸⁵ Milliken, 1999

²⁸⁶ Ghica, 2013:4-5

other. In this sense, “there is nothing outside the text”.²⁸⁷

This research is in line with the Foucauldian perspective which as a methodological approach also includes the three commitments of Milliken. The perspective of Foucault is developed around the relation between power and knowledge,²⁸⁸ in which discourse is defined in terms of social practices, while discourse analysis is a large methodological approach that aims at analysing linguistic and non-linguistic data as discursive forms.²⁸⁹

Notably, Foucault states that all knowledge implies power and all power involves a specific power. Hence, all discourses are influenced by power relationships and power requires a specific knowledge that gives it a legitimate authority.²⁹⁰ Foucault claims:

We should admit rather that power produces knowledge (and not simply by encouraging it because it serves power or by applying it because it is useful); that power and knowledge directly imply one another; that there is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations. These 'power-knowledge relations' are to be analysed, therefore, not on the basis of a subject of knowledge who is or is not free in relation to the power system, but, on the contrary, the subject who knows, the objects to be known and the modalities of knowledge must be regarded as so many effects of these fundamental implications of power-knowledge and their historical transformations.²⁹¹

Power lies not in the hands of a particular person or group in the society, but is exercised in a relational and transversal way to the whole social body.

Power in this Foucauldian perspective is an inequality relationship. Power is something like stratification, institutionalisation, the definition of techniques, instruments and those that produce knowledge; it is an instantaneous photography of multiple struggles which also is in continuous transformation.²⁹² Indeed, in this research the deployment of neoliberalism and the establishment of coalitions around fairness discourses places this relationship in a structure of power; discourses of coalitions against

²⁸⁷ Ghica, 2013:4-5

²⁸⁸ Foucault, 1980

²⁸⁹ Howarth & Sinnott-Armstrong, 2005:4

²⁹⁰ Fair, 2010

²⁹¹ Foucault, 1977:27-28

²⁹² Foucault, 2012

neoliberalism are related to abusive practices in the international system. The Foucauldian approach allows identification of structures of power in which knowledge is defined as a truth deployed by discourses, which are understood as a set of political events through which the power of the state is transmitted.²⁹³

In this context, Foucault in *The Order of Discourse*²⁹⁴ states that there are three system of exclusion: the opposition between prohibition and permission; the opposition between reason and madness; and the opposition between true and false. This last opposition, which implies the assignment to each one its 'true' name, is the most important in this research because this represents the idea of the true about underdevelopment.

These three procedures of discourse exclusion, which in no way exclude each other, are for Foucault purely arbitrary and contingent, as long as they depend on a discursive and institutional coercion that imposes it by force.²⁹⁵

Fair²⁹⁶ states that there are two great modalities of analysis from the theoretical point of view of Foucault: some modalities critically analyse the 'social conditions of production' and legitimisation of power. Other modalities examine the historical genealogy of the forms acquired by that application of power. In this research both modalities are addressed, which implied exploration of the legitimisation of power in the UN linked to the G77 idea and the search for the form that acquires this power in the idea of development. This is shown below.

²⁹³ Foucault, 1978

²⁹⁴ Foucault, 1971

²⁹⁵ Fair, 2010

²⁹⁶ Fair, 2010:23

2.2. Foucauldian Approach

*Genealogy is grey, meticulous, and patiently documentary. It operates on a field of entangled and confused parchments, on documents that have been scratched over and recopied many times.*²⁹⁷

The list of studies done on methodological perspectives proposed by Foucault is uncountable. Countless researchers present an overview of his work and consequently we have innumerable sources of information about his genealogy, his problematisations, his archaeology, his *dispositif*, and his *episteme*, among other perspectives.

Some of these overviews are similar in approach while others differ significantly. Different variables could explain these differences or similarities in perspective, such as language, culture, historical context, the reality of the researcher, their field of study, and their discipline. There is an enormous source of information about Foucault's historical-philosophical perspective.

Working with Foucauldian approaches can be difficult; indeed, for him it was difficult as well. The development of his methods became a process that took him a long period, and his methodological approach suffered setbacks and contradictions that he himself realised and tried to improve on. Despite his final work achieving significant coherences, continuous modifications in his methods and the name of them make it difficult for any researcher seeking a methodological unity in his body of work overall, and this becomes more difficult with the enormous range of interpretations made by the many researchers who have studied his work. Therefore, working towards the achievement of one single Foucauldian methodological perspective is not possible, and there is not something specific that could be called the "methodology" of Foucault.

Foucault often explained his methodological approach and the use of tools used in his researches. However, he was reluctant to define a specific methodology to use in his investigations.²⁹⁸ Indeed, he stated: 'I take care not to dictate how things should be'.²⁹⁹ The work of Foucault is not a disorganised practice. Indeed, he claims the use of his critical

²⁹⁷ Foucault, 1984:31

²⁹⁸ Meadmore et al., 2000; Graham, 2005; Harwood, 2006

²⁹⁹ Foucault, 1994:288

approach ‘does not mean that no work can be done except in disorder and contingency’.³⁰⁰

The work of Foucault has been built over tools that are closely related to each other, and which can be used as a tool-box as he has suggested³⁰¹: ‘I would like my books to be a kind of tool-box which others can rummage through to find a tool that they can use however they wish in their own area. I don’t write for an audience; I write for users, not readers’.³⁰² The work in question ‘has its generality, its systematicity, its homogeneity, and its stakes’.³⁰³ The reading of his books and interviews shows consistency in his methods and it is possible for the researcher to understand the depth of his approach. It is possible to see more clearly the path that he wanted to build, and with this to establish a useful methodology for this investigation.

Foucauldian methods are pertinent because they are centred on questioning of historical truths that support the veracity of concepts, such as development in the North–South debate. This questioning encourages researchers to identify the “origin” of ideas (or systems) and consequently brings us the opportunity to trace the origin of the relationship between Latin American participation in the G77 and neoliberalism.

2.2.1. Ontology: the research philosophy

Ontology underpins this research. Foucauldian methodology is located within a modernist tradition of historical-philosophical reflection,³⁰⁴ which Foucault described himself as a ‘historical ontology’.³⁰⁵ This reflection, framed in the history of thought, is an attempt to build the history of ourselves by questioning historical constants (the common historical explanations) used to legitimise them.³⁰⁶ To achieve this aim, Foucault opposes traditional historical methods and tries to discover the primacy of immutable truth origins through analysing how one ‘regime of truth’ is displaced by another.³⁰⁷ In this study, for example, it is shown that the ‘regime of truth’ of Latin American

³⁰⁰ Foucault [b], 1984

³⁰¹ O’Farrell, 2005:50-61

³⁰² Foucault, 1974:50

³⁰³ Foucault [b], 1984:45

³⁰⁴ Falzon et al., 2013

³⁰⁵ Foucault [b], 1984:43-9

³⁰⁶ Romero, 2010

³⁰⁷ Shiner, 1982:384

coalescence is related to the deployment of neoliberalism as a rationality of government.

2.2.1.1. Eventalization as a form of historical approach

Eventalisation is the procedure that Foucault uses to present ‘a new kind of history’ for the history that is explained by its obviousness. It is a re-problematisation of the studied phenomena to find the problematisation that gives its historical acceptability. In this research, the self-evident “true” about Latin American participation in the G77 and its link to the unfairness of the international economic system is eventalised. This means that the eventalisation enables revelation of the problematisation that produces Latin American participation in the G77 and how this problematisation is related to neoliberalism. Eventalisation has been a determining factor in building this methodological approach.

Eventalisation emerges in Foucault’s late work³⁰⁸ and is framed as a critic-historical method.³⁰⁹ This new perspective takes up the challenge to ‘emancipate historical knowledge’³¹⁰ and consequently tries to introduce the complexity of its progression in the history. Using this method, Foucault seeks to show that the historical process is not a natural process, it is not linear and it does not possess an absolute continuity. Rather, it is a discontinuous process that should be addressed through the singularity of events.³¹¹ This idea of historical singularity refers to the historical point in which the practice became an effect.

Thus, eventalization is the critical process to address the continuous or traditional history. Foucault³¹² states about eventalization:

What do I mean by this term? First of all a breach of self-evidence. It means making visible a singularity at places where there is a temptation to invoke a historical constant, an immediate anthropological trait or an obviousness that imposes itself uniformly on all. To show that things weren’t ‘necessary as all that’; it wasn’t as a matter of course that mad people came to be regarded as mentally ill; it wasn’t self-evident that the only thing to be

³⁰⁸ Meadmore et al., 2000

³⁰⁹ Cerrutti, 2012

³¹⁰ Foucault, 1980:85

³¹¹ Meadmore et al., 2000

³¹² Foucault 1996: 277

done with a criminal was to lock them up; it wasn't self-evident that the causes of illness were to be sought through individual examination of bodies; and so on. A breach of self-evidence, of those self-evidences on which our knowledges, acquiescences and practices rest. This is the first theoretical-political function of 'eventalization'.³¹³

As a strategy, eventalisation allow us to stand back from what appears obvious and from the trend of putting the event in predetermined unities³¹⁴ and see things afresh. Thus, the Foucauldian history is organised through historical events.³¹⁵

Eventalisation allows the continuous question about contexts in which discourses (such as the international economic system's unfairness) have been deployed and combined with non-discursive practices (e.g. the Latin American participation in the G77). The eventalisation as a historical approach triggers questions to identify the point at which the problematisation process around the idea of development determines a new structure of power, one that transforms in practice Latin America participation in the G77.

Particularly, eventalisation has been used through this study to address the fact that singularity presupposes variability across a broad range of dispersion centres.³¹⁶ This means introducing the fact that we do not face the same tactics of power in local centres in the present as were faced in the past. For example, the practices of power exercised over developing countries to take part in the G77 at the beginning of the UN were not necessarily the same as practices exercised over countries to take part in the same group in the present day.

³¹³ Foucault 1996: 277

³¹⁴ Restrepo, 2008:114

³¹⁵ Cerrutti, 2012

³¹⁶ McCance, 1996

2.2.2. Research Methods: Foucauldian problematization

Problematization is the aim of Foucauldian methodology. The problematisation seeks to identify the historical problem that produces the studied practice as an effect. In this research, problematisation allows us to identify that the search for solutions to the international need for natural resource availability in international markets to sustain international trade produced a reinforcement of the differentiation of developing and developed countries, and consequently, a differentiated South through the G77.

Despite not enjoying the same impact on research as other Foucauldian concepts,³¹⁷ problematisation has played an important part in his genealogical work.³¹⁸ It has been fundamental to understand his work. Particularly, problematisation is an analytical strategy in the late critical work of Foucault that seeks to understand the “history of thought”. Problematization seeks to understand the process of how the solution to a problem (strategy, thought, practice, among others) is successful in creating a historical status of unquestionable evidence. In Foucault’s words,³¹⁹

It is the set of discursive and non-discursive practices that make something enter into the play of true and false, and constitutes it as an object of thought (whether under the form of moral reflection, scientific knowledge, political analysis, etc.).³²⁰

Foucault explains problematisation further in an interview conducted by Paul Rabinow in May 1984.³²¹ There, he states that the process of problematisation should be understood as an original, specific or even multiple and contradictory response to difficulties in a situation or context of intelligibility. He claims that ‘to one single set of difficulties, several responses can be made. Moreover, most of the time different responses actually are proposed. But what must be understood is what makes them simultaneously possible: it is the point in which their simultaneity is rooted; it is the soil that can nourish them all in their diversity and sometimes in spite of their contradictions’.³²² In this study, the single set of difficulties is related to the world wars, the international economic crisis and the

³¹⁷ Restrepo, 2010

³¹⁸ Bonditti et al., 2014

³¹⁹ Foucault, 1988:257

³²⁰ Foucault 1988: 257

³²¹ Foucault & Rabinow, 1986

³²² Foucault, 1984:360

problems that emerged; issues related to the end of liberalism and the beginning of neoliberalism and the inception of multilateral institutions.

According to Foucault,³²³ a problematisation should be understood as a work at the level of thoughts which seeks to respond to a particular situation, such as the shortage of natural resources after wars and the international economic recovery after the Economic Crisis of 1929. This situation, real, lived by real individuals, creates a discussion raising various thoughts, which appears in several texts, or even can be so general that it becomes anonymous.³²⁴ Undoubtedly, it is clear that it is not possible to define, in just one research, the very first origin of a problem, because a problematisation is the result of a previous problematisation, and so on. The objective here is to find the problematisation that created the Latin American participation in the G77 as an effect, and then link this with neoliberalism as a governmental rationality. This relationship is developed in the later chapters.

In a general context, to address the self-evidence through the problematisation, Foucault is against the historical method based on universals to provide explanations. Universals such as theory, discipline, law, science, among others,³²⁵ are not the centre of the Foucauldian perspective; rather, singularities and contingencies become more important.

Therefore, 'the analysis of positivities requires the deployment of a complex and tight causal network' that accounts the singularity as an effect. This complex network is the *dispositif* that must be identified. Given that genealogy is linked to the archaeological process, non-discursive events (the essential component of the genealogy) can be extracted from the archive as well. Genealogy tries to collect a 'history of interpretations' as the outcome of emergence, contingency and subjectivised knowledge.³²⁶ This history is described in terms of power that produces an interplay between domination and subjectivisation.³²⁷

³²³ Foucault, 1988

³²⁴ Restrepo, 2008

Roughly, the eventalisation in the questioning of discourses about the present; problematisation is the questioning of reasoning in a line of thought.

³²⁵ Shiner, 1982

³²⁶ Dreyfus & Rabinow, 1982:108

³²⁷ Meadmore et al., 2000

2.2.3. The study design: Historical case of study

Firstly, it is important to note that the methodological approach is the Foucauldian one. The case study is part of this approach and consequently should be understood in this context. Indeed, the methodology of Foucault often implies the use of a case. For example, in his *Discipline and Punish: The Birth of the Prison*, Foucault chooses the case study of Henriette Cornier in order to examine the emergence of medico-juridical discourse.³²⁸

Actually, though case study methodology is strongly influenced by a post-positivist worldview,³²⁹ Mohammed, Gastaldo, & Howell³³⁰ argue that the case study is aligned with a Foucauldian perspective. For instance, Foucauldian methodology is concerned with the indistinct boundaries between the phenomenon and the contexts that constitute a phenomenon. This research uses the case study to explore the discursive contexts that shape a phenomenon, such as, of course, Latin American participation in the establishment of the G77.

The case is triggered by a present problem, which is the North-South divide at UN negotiations that impedes the agreement on topics such as development and climate change. The practice of Latin American participation in the G77 is interesting because of two main aspects. First, the G77 is the primary representative of developing countries' criticism of the international economic system led by developed countries; second, Latin America played a significant role in the inception of the G77 at the first UNCTAD. Since the objective of the Foucault methodology is to explain the present history of a phenomenon, it is necessary to understand the processes and contexts that mark the establishment of this phenomenon. In this context, and given the access to information, it is possible to explore the beginning of Latin America's participation in the G77 and how this relates to neoliberalism. Therefore, the unique case is the historical period that precedes the establishment of the G77 in UNCTAD I. This research uses a single case with a single unit of analysis.³³¹

³²⁸ Stone, 2004

³²⁹ Yin, 2011

³³⁰ Mohammed, Gastaldo & Howell, 2015

³³¹ Yin, 2011

The limitations of a single case are given in that the results obtained are not easily extrapolated to other cases but only allow us to determine plausible relationships and establish theoretical propositions, and, therefore, to consolidate the theoretical development derived from the case study. In order to understand other Latin American practices in group negotiations, in the future more interventions of this nature are required in different contexts, for theoretical replication, in order to verify the general validity of such propositions for other contexts.³³² Considering these limitations, a case study can be interpreted as the first step of an investigation that proposes new theoretical propositions that will be verified in subsequent investigations that may or may not use the case study method in its design.³³³

A case study is used to facilitate the exploration of complex and diffuse relationships and patterns,³³⁴ and such is the relationship between neoliberalism and the negotiations of Latin America at the UN. The historical point to be studied has been chosen because the emergence of the G77 in the international arena is a singularity that changed the way in which negotiations among developing and developed countries were established. It is the the historical point in which the practice became an effect.

This case is organised around the period of the G77 inception using the Latin American perspective through data from ECLA documents. Discourses of the ECLA are a representation of the Latin American thought. Given the Foucauldian methods, the temporality of this case included a glimpse of several periods of time, from the independence of Latin America to the inception of the G77. Hence, to write a history of the present, which means to understand the relationship between neoliberalism and the discourse of the G77 about its rejection of the economic system, this case explores, from a Latin American perspective, the period since the beginning of the Breton Wood institution, passing by the failure of the Habana Charter, until the inception of the UNCTAD and the G77.

The case is described in a subsequent chapter.

³³² Eisenhardt & Graebner, 2007

³³³ Yin, 2011

³³⁴ Dooley, 2002

2.2.4. Data collection

2.2.4.1. Foucauldian use of archives

In the Foucauldian perspective, the archive is the source of material for analysis, the structure that sustains knowledge. The concept of archives in the work of Foucault is not always literal. This system, also called '*a priori*' and '*episteme*', is the way in which discursive events are registered and from where these can be extracted.³³⁵ The archive is the source of knowledge that has effects of power, because a system of knowledge has validated it. In the words of Foucault:³³⁶

The archive is first the law of what can be said, the system that governs the appearance of statements as unique events. But the archive is also that which determines that all these things said do not accumulate endlessly in an amorphous mass, nor are they inscribed in an unbroken linearity, nor do they disappear at the mercy of chance external accidents, but they are grouped together in distinct figures, composed together in accordance with multiple relations, maintained or blurred in accordance with specific regularities.³³⁷

The archive is a world view, a slice of the history in which branches of knowledge impose on each other norms and postulates, a general stage of reason.³³⁸ The archive does not link different discourses but rather it represents the space in which the field of the relationship is changing. The archive of the UN in the period explored is a slice of the history that shows and represents those political considerations from the internal politics of Latin American countries involved in the negotiations. The resolutions, documents, working papers and perspectives from the ECLA and the UNCTAD, as the main material for this research, collect points in common and represent a joint vision of the countries in the region.

Indeed, the system in an archive has a specific structure in time and it delimits a field of knowledge that normalises the behaviour of things, ideas and institutions such as the UN. The historical *a priori* uses units, sets, relations, sequences, to put into play some dispersions, disappearances and emergences, subject to certain conditions of formation

³³⁵ Foucault, 1978:65

³³⁶ Foucault, 1972:129

³³⁷ Foucault 1972:129

³³⁸ Foucault, 1972:128-30

and transformation in the history.

Likewise, the historical *a priori* does not analyse authors or thinkers, because it understands them as the point of emergences. This research did not use specific authors to support ideas; however, it is inevitable that some people are more determinant in the establishment of discourses, such as Raúl Prebisch from the ECLA.

The proper use of material became relevant to identifying relationships among concepts, while discursive analysis results allowed achievement of the historical *a priori* (*episteme*, archive). Foucault³³⁹, in *The Archaeology of Knowledge*, to show the methodological challenge implicit in telling a 'general history', defines a guide of relevant points to address the proper use of archives. These are:

[...] the building-up of coherent and homogeneous corpora of documents (open or closed, exhausted or inexhaustible corpora), the establishment of a principle of choice (according to whether one wishes to treat the documentation exhaustively, or adopt a sampling method as in statistics, or try to determine in advance which are the most representative elements); the definition of the level of analysis and of the relevant elements (in the material studied, one may extract numerical indications; references - explicit or not - to events, institutions, practices; the words used, with their grammatical rules and the semantic fields that they indicate, or again the formal structure of the propositions and the types of connexion that unite them); the specification of a method of analysis (the quantitative treatment of data, the breaking-down of the material according to a number of assignable features whose correlations are then studied, interpretative decipherment, analysis of frequency and distribution); the delimitation of groups and sub-groups that articulate the material (regions, periods, unitary processes); the determination of relations that make it possible to characterize a group (these may be numerical or logical relations; functional, causal, or analogical relations; or it may be the relation of the 'signifier' (signifiant) to the 'signified' (signifie).³⁴⁰

In the process of the selection of documents, the first challenge was to determine the representative core of document to be analysed, mainly because the UN archive is enormous. So, the first step was to identify a group of documents that allow us to find some discursive patterns to address the investigated topic, such as the Latin American in

³³⁹ Foucault, 1972:10-11

³⁴⁰ Foucault 1972: 10-11

the G77. The annual resolutions of the United Nation General Assembly were the archive chosen to begin. This forum was selected because all UN negotiations converge in it. The UNGA meetings discuss all discussions carried out during the year in UN agencies: hence reviewing its resolutions was useful to understand the general context in which this research was inserted, and also to identify the main source of documents to be analysed.

The review started with an exhaustive exam of the UNGA resolutions, from 1946 to the present day. These resolutions showed a complete panorama of discussion at the UN. It was interesting to observe that many discussions did not change with passing time. The approaches suffered some modifications in scope; some of them were derived to related institutions, and some of them resolved because they were specific historical events, but in general, the discussions were continued year after year.

From reviewing the UNGA resolutions, it was clear that issues related to underdeveloped countries such as in Latin America were mainly addressed by the Economic and Social Council (ECOSOC). Hence I start with the revision of the Resolutions and Decisions of the ECOSOC. From this examination it was clear that topics such as industrialisation and terms of trade of natural resources were important topics addressed by Latin America.

In order to organise the information effectively, those resolutions in which Latin American countries have a continuous opinion were selected. With this selection of resolutions, I proceeded to seek the negotiations that gave birth to the resolutions in the archive. The aim was to understand the process of Latin American participation in the negotiations and identify their related discourses. With the selected resolutions, a database was created to make comparisons and to look for information quickly. The database shows that the ECLA was the main source of information for debates involving Latin American countries. So, I started with the revision of the yearly Reports of the Economic Commission for Latin America.

In this context, the starting point of analysis was complemented by a better understanding of the international context in which neoliberalism and liberalism were related to the beginning of Latin American negotiations at the UN. This context was provided by the reading of authors (in the context of Foucault) that represented to some

extent the common understanding of these matters. Some of authors were: Polanyi, Hayek, Cox, Ruggie, Escobar, Hass, Keohane, Stieglitz, Harvey, among others and related papers.

In understanding the historical context and reviewing the ECLA archives, some ideas relating to Latin America appeared to be persistent: these ideas were about the differences between developed and underdeveloped countries and the process in which denomination of “developing countries” was adopted. I agreed with some authors (such as Escobar) that development is a process created in the Global North, and reproduced in the Global South; but why did developing countries accept this terminology to represent themselves in the international negotiations? If negotiating groups in which Latin America takes part are denominated “of developing countries”, what is the role of the name in the coalition? Why does it constantly imply the terms of trade of natural resources?

With the reading and new perspectives, I thought I was ready to start, but the methodological approach was still not easy to apply. It was not clear the scope that should be selected for the genealogy, and this selection was a critical part of the process. Thus, the understanding of methods leads me first to attempt the analysis of the whole participation of Latin America in the G77, from its beginning up to today. However, the revision of archives and history showed that not all diplomatic actions had the same dominion, and, given the purposes of a genealogy, the beginning seems the most suitable point for deepening understanding.

Finally, and given the great amount of information to check, the approachable scope was Latin American participation in the inception of the G77. This historical period was particularly useful because its birth was also related to the beginning of neoliberal ideas in the international arena. This process moved me to look for information in the UNCTAD I.

During the analysis of the information, a better understanding of the methodology regarding its philosophical roots was needed. So, the process of reading started again, but this time it was oriented to understand how Foucault developed his methodology and the philosophical meaning of terms used in his work. In this process

not only was a rereading of Foucault needed, it was also necessary to gain a better understanding of the philosophers that motivated Foucault in his methods. Hence, the process was supported by the reading of authors such as Nietzsche, Kant, Derrida, Schopenhauer, Deleuze and others that work over the Foucauldian work - Robinow, Dean, Rose, among others. Likewise, this moment of reading was the appropriate one to deepen understanding of neoliberalism from a Foucauldian perspective.

In a more clear understanding of the methodology, it was decided to come back to archives, but this time with a more narrow scope. This process started with the ECLA establishment and its first years' documents, along with the UNCTAD I documents. In the archives again, the focus was put on the need for industrialisation in Latin America and the reasons exposed by the ECLA for this purpose. The UNCTAD I was examined because in this conference the G77 was established, and because the ECLA's work was relevant to the development of positions for developing countries' negotiations.

From this process, it was clear that the failure of the ITO conference and the imposition of GATT were determinant in the economic situation of Latin America. In this context, the exploration of documents related to ITO was crucial to identifying important past events related to Latin American participation in the G77. Therefore, documents were scanned: of the inception of Bretton Woods institutions, the archives of the conferences in Dumbarton Oak and the Havana conference. From this revision it was clear that the knowledge provided by the ECLA was fundamental in the construction of ideas that reinforced the differences between developed developing countries.

On the other hand, given that Latin American governments were recognised as states before the beginning of multilateralism, it was necessary to find information about the role of Latin American coalescence before the multilateral structure was established. Here, letters related to the Congress of Panama were relevant. In these letters, it was clear that trade and natural resources were an important issue before the beginning of multilateral institutions. This revision clarifies that Latin American governments were involved in the international sphere due to concern about trade and natural resources and that this interest appeared before the inception of the multilateral institutions.

In summary, the application of the methodology meant that each revision of

archives was the writing of a history. So, at the end of reviewing, I obtained several parallel histories relating to Latin American participation in the G77. With the written histories, application of the methodology was easier than before; the use of archaeology and genealogy was possible. The problematisation became apparent. The final part has been the work in a puzzle that tries to organise a coherent history that shows this problematisation. With problematisation clear, what was the relationship between neoliberalism and the Latin American participation in the G77?

Regarding the selection of evidence to support the arguments, it is important to highlight that the purpose of Foucault in his work was to reinforce the idea that the will of knowledge is related to power:³⁴¹ 'Thus the genealogist recognises that he or she is also an evaluator and, therefore, one's genealogical investigation, including the approach, method, and selection of evidence, is simply a product *of* as well as a product *for*, the genealogist.'³⁴²

Despite this perspective, the study followed systematisation of evidence as is explained above. Thus, and given that the UNCTAD I was the conference in which the G77 was established, where established discourses converged and were agreed, the textual evidence was taken from there mainly. In this context, special emphasis was placed on the opinion of those countries that maintained continuous participation in the process from the beginning, such as Mexico, Brazil, Chile and Peru.

Likewise, technical evidence was taken from the technical documents of the ECLA.

2.2.4.2. The documentary source

The present study is a documental historical research mainly based on primary sources supported by secondary sources,³⁴³ which are selected and analysed from a Foucauldian point of view. Primary sources are official documents provided by the UN archive available in the Official Document System of the United Nations (ODS), which is an online database of UN documents that has full-text, born-digital UN documents,³⁴⁴

³⁴¹ McCullagh, 2000

³⁴² Boldt-Irons, Federici, & Virgulti, 2009

³⁴³ See: Scott, 1990

³⁴⁴ Born-digital resources are items created and managed in digital form.

‘including documents of the Security Council, the General Assembly, the Economic and Social Council and their subsidiaries, as well as administrative issuances and other documents’.³⁴⁵ The Documents used in this research also came from:

- The ECLAC Digital Repository, which provides access to more than 35,000 digital publications, from the first publication of ECLAC in 1948 to the most recent.³⁴⁶
- The UN General Assembly Resolutions, which provides the UNGA resolution since the beginning of the institution in 1946.³⁴⁷
- The ECOSOC documentary centre, which provides resolutions by the institution from 1946.
- The UNCTAD I documents.

The period of revision of documents has been bounded between the inception of the UN in 1946 and the establishment of the G77 in 1964.

Regarding the selection of documents, documents to be analysed have been selected as the base of discourses that record knowledge about Latin American participation in the G77 at the UNCTAD I. Particular emphasis was put on documents relating to multilateral treaties in which the G77 was involved. Therefore, the selection of relevant documents in the UN archive has been focused on Latin America’s role in the establishment of the G77. This selection of documents has been exhaustive.

The material to be analysed has been selected as proposed by Foucault; this means material was chosen by the negotiation power exercised over Latin American countries through the G77. The level of analysis of these documents has been oriented to determine if neoliberalism is the grid or is part of the grid that determined that a Latin American country take part in the G77 at the UNCTAD I.

Documents checked were: statements of the G77 from its beginning onwards on issues related to development, trade, and the environment; resolutions of the United

³⁴⁵ See: <https://documents.un.org/prod/ods.nsf/home.xsp>

³⁴⁶ See: <http://repositorio.cepal.org/>

³⁴⁷ See: <http://www.un.org/en/sections/documents/general-assembly-resolutions/index.html>

Nations General Assembly (UNGA) since its beginning until now; documents, books and resolutions of the Economic Commission for Latin America (ECLA) from its inception until the establishment of the G77 in 1964; documents of the First United Nations Conference on Trade and Development linked to G77; resolutions of Economic and Social Council (ECOSOC) linked to Latin America and the establishment of UNCTAD; documents of Bretton Woods conferences; documents of the Habana Conference; and some others related to these documents from other UN institutions.

Secondary sources are books related to the primary source. These documents complement the historical knowledge linked to the emergence of the underdevelopment, multilateral institutions and the beginning of neoliberalism; this means the global political economy oriented to reconstruct the international economic system after the economic crisis of 1929.

Likewise, texts and documents about the beginning of neoliberalism were used to complement the archive of the United Nations. Thus, some authors have been incorporated in the reading who led ideas of neoliberalism, recognised critics, and histories about the beginning of the iconic neoliberal institutions.

2.2.5. Data analysis

Foucault established his 'process of analysis' to identify modes of thought associated with historical happening. This process of analysis goes against historical methods that are oriented to identify the legitimation of the history, and hence, this process is focused on questioning historical constants (e.g. GATT establishment) and universals (e.g. the unfairness) used to explain it.

The process of analysis is composed of three components, 'archaeology, genealogy, and strategy'.³⁴⁸ In the analysis process, these components should not be worked in 'three successive levels that would be derived, one from the other'; rather, these should characterise 'three necessarily contemporaneous dimensions of the same

³⁴⁸ Foucault, 1997:57-66

analysis’.³⁴⁹ From these three components archaeology and genealogy are the most important in the process because genealogy defines the design of analysis while archaeology brings methods to address this critical analysis in practical terms; according to Foucault’s³⁵⁰ words:

[...] this criticism [...] is genealogical in its design and archaeological in its method. Archaeological — and not transcendental — in the sense that it will not seek to identify the universal structures of all knowledge or of all possible moral action, but will seek to treat the instances of discourse that articulate what we think, say, and do as so many historical events. And this critique will be genealogical in the sense that it will not deduce from the form of what we are what it is impossible for us to do and to know; but it will separate out, from the contingency that has made us what we are, the possibility of no longer being, doing, or thinking what we are, do, or think.³⁵¹

Archaeology is the particular method to analyse discursivities and it is related to knowledge, whereas genealogy allows identification of the *dispositif*, and hence it is linked to power. Archaeology, for example, is the exploration of the discourse of unfairness to identify the knowledge related to it, while genealogy is the exploration of how these discourses and knowledge are influenced by power. According to Kendall & Wickham,³⁵² archaeology and genealogy are complementary in their approach to the discourse. These can only be distinguished by their different emphasis; archaeology is focused on “historical slice”, while genealogy focuses on the “historical process”. Below is developed the idea of archaeology and genealogy used in this research.

2.2.5.1. Archaeology

Archaeology, the “method”, is the first component of the analysis process that Foucault started to develop; indeed, his first books were oriented to this matter.

The main objective of the archaeological process is the determination of positivity in ‘practical systems’ to identify its ‘pure singularity’. Practical systems are ‘what they

³⁴⁹ Foucault, 1997:65

³⁵⁰ Foucault [b], 1984

³⁵¹ Foucault [b], 1984

³⁵² Kendall & Wickham, 1999

[men] do and the way they do it'.³⁵³ The practical system to be investigated by this research is Latin American participation in the G77 at the UNCTAD I; thus, the developing country and the international economic structure became part of the “universals” involved.

The determination of positivity of a system is the process that should identify the historical ‘acceptability’ of this system. In the words of Foucault, ‘grasp what constitutes the acceptability of a system’.³⁵⁴ Historical acceptability gives us a “reality” of the system, a truth that allows us to accept the concept (system) as “true”. In this research, this process has been done through the first chapters. In these chapters is explored the international ‘acceptability’ of the Latin American coalescence in the G77 at the UNCTAD I, linked to the deterioration of the terms of trade in the international economic structure.

To be more precise, archaeology tries to identify the process that allows the transition of a system toward a system with historical acceptability. In this case, the archaeological process aims to determine the transition in which Latin America in the G77 becomes historically accepted. To identify the acceptability of a system, Foucault expresses the need to establish a nexus of power-knowledge that has produced this acceptability. Foucault³⁵⁵ claims:

What we are trying to find out is what are the links, what are the connections that can be identified between mechanism of coercion and elements of knowledge, what is the interplay of relay and support developed between them, such that a given element of knowledge takes on the effects of power in a given system where it is allocated to a true, probable of false element, such that a procedure of coercion acquires the very form and justifications of a rational, calculated, technically efficient element, etc.³⁵⁶

According to Foucault, the terms ‘knowledge’ (savoir) and ‘power’ (pouvoir) are concepts that should be used to neutralise the effect of legitimation by historical constants. Thus, knowledge should be understood as ‘all procedures and all effects of knowledge that are acceptable at a given point in time and a specific domain’; while power is a ‘series of particular mechanisms, definable and defined, which seem likely to induce behaviours or

³⁵³ Foucault [b], 1984:46

³⁵⁴ Foucault [b], 1984:53

³⁵⁵ Foucault, 1997:50

³⁵⁶ Foucault, 1997:50

discourses'.³⁵⁷ The third chapter establishes a nexus of power-knowledge that has produced the acceptability of Latin America in the G77. This chapter identifies a relationship between the surveillance of natural resources production at global level and knowledge about the underdevelopment established by the ECLA.

Finally, regarding discourse analysis of documents, it has been addressed in the way proposed by Foucault in his *The Archaeology of Knowledge*. This method understands words, sentences and statements like 'enunciative modalities'.³⁵⁸ In this context, to understand a real message of these modalities, Foucault suggests that 'we must first discover the law operating behind all these diverse statements, and the place from which they come'.³⁵⁹ To do this Foucault proposes making some questions regarding the source of statements, such as: 'Who is speaking? Who is qualified to do so?' 'What is the status of the individuals who - alone - have the right, sanctioned by law or tradition, juridically defined or spontaneously accepted, to proffer such a discourse?' He states that 'we must also describe the institutional sites from which the [subject] makes his discourse, and from which this discourse derives its legitimate source and point of application'. Finally, it is important to bear in mind 'the positions of the subject'. This because these 'are also defined by the situation that it is possible for him to occupy about various domains or groups of objects'.³⁶⁰

2.2.5.2. Genealogy

Genealogy, after archaeology, is the second component of the analytical process that Foucault develops in his books. The methodological aim of genealogy is to establish a historical network of discursive and non-discursive components (the *dispositif*) which accounts for a singularity as an effect.³⁶¹ The genealogy seeks to integrate the historical context that defines and forms the knowledge associated with discourses. The aim is to identify the problematisation that gives life to the system of power-knowledge that sustained Latin American participation in the G77 at the UNCTAD I. This genealogical

³⁵⁷ Foucault, 1997:51

³⁵⁸ Foucault, 1972:50

³⁵⁹ idem

³⁶⁰ Foucault, 1972:50-9

³⁶¹ Foucault, 1997

process is developed in the third and fourth chapters.

For this research, genealogy has implied the establishment of a historical network, which shows Latin America in the G77 at the UNCTAD I like an effect. In the words of Foucault,³⁶² this is to establish:

[...] something that attempts to restore the conditions for the appearance of a singularity born out multiple determining elements of which it is not the product, but rather the effect.³⁶³

Genealogy, understood as the second part of the critical process, comes to solve limitations raised in the archaeological process. In this process, two main problems were identified by Foucault. The first is related to the tendency to identify, as causal agents, *a priori* to explain the acceptability of a system. For example, the decision of Latin American countries to take part in the G77 at the UNCTAD I is in general explained by the problems linked to GATT inception. In this case the *a priori* can be identify as the unfairness suffered by Latin American countries that created the need of Latin American coalescence. Indeed, in a study of the WTO negotiations, Narlikar & Odell³⁶⁴ in a positivist analysis of the fairness, claim that developing countries in trade negotiations have appealed to justice and legitimacy during the last decades. References to fairness have been used extensively by developing countries as a reason to take part in a coalition. To address this problem, Foucault recommends in the analysis two approaches. First, 'bring out the conditions of acceptability of a system', and second, 'follow the breaking point that indicates emergence'.³⁶⁵ For example, one condition of acceptability of the system in this study is the unfairness. Regarding the breaking point that indicates emergence, in this study it is linked to the emergence of international institutions such as GATT.

The second problem identified by Foucault is the researcher's trend of using multiple causal factors to explain the acceptability of a system. For example, factors used to explain the participation of Latin America in the G77 at the UNCTAD I include the

³⁶² Foucault, 1997:57

³⁶³ Foucault 1997:57

³⁶⁴ Narlikar & Odell, 2006

³⁶⁵ Foucault, 1997

structure of the international system, the power of developed countries and the Cold War, among others. To avoid this temptation of using multiple causal factors, Foucault³⁶⁶ recommends ruling out causal factors when these respond to the follow categories:

- Causal value is only recognized in explanations targeting a final authority, valorised as a profound and unique agency; for some, its economics; for others demography.
- Causal value is only recognized for that which obeys a pyramid formation pointing towards the cause or causal focus, the unitary origin;
- Moreover, finally, the causal value is only renowned for that which establishes a certain unavoidability, or at least, that which approaches necessity.³⁶⁷

The final aim of the genealogy is to identify the unique causal, which would produce the singularity in its pure form, as an effect, among many other pure singularities. This means that the principal objective of a genealogy is the identification of the problematisation point, as the origin of the system being studied. The focus of this research is to identify the problematisation point as the generator of Latin America's entry into the G77 at the UNCTAD I and its relation to the neoliberalisation process. The problematisation seeks to identify when the problem was thought and its resulting relevant singularity produced.

To Foucault,³⁶⁸ genealogy is 'the union of erudite knowledge [such as economic science] and local memories [the ECLA documents] which allows us to establish a historical knowledge of struggles [of power] and to make use of this knowledge tactically today'. In its development, genealogy seeks to identify the '*dispositif*' that makes possible that some knowledge of the history can be understood and perceived as truth. In a general context, Foucault proposes that power is part of a *dispositif* that influences the knowledge and makes it true.

Genealogy does not seek to discover substantives entities, such as subjects, virtues and forces; it studies the appearance of a battlefield that defines and creates a new space of knowledge. Indeed, the Foucault approach to 'institutional analysis' was working on

³⁶⁶ Foucault, 1997:55-6

³⁶⁷ Foucault, 1997:55-56

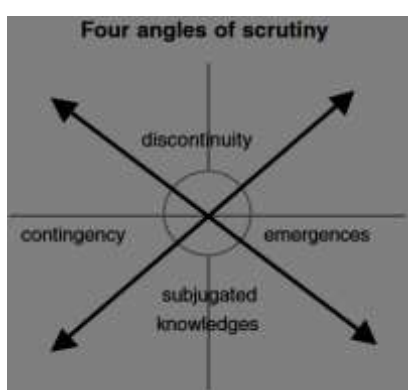
³⁶⁸ Foucault, 1980:83

the growth of technologies of power.³⁶⁹

Dispositif is the category that Foucault³⁷⁰ proposes to conduct the genealogical challenge. Foucault defines the *dispositif* as a grid of different elements, the relation between them, and the nature of their connection. Particularly, *dispositif* is:

[...] a thoroughly heterogeneous ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral and philanthropic propositions—in short, the said as much as the unsaid. Such are the elements of the apparatus.³⁷¹

According to Bonditti et al.³⁷² *dispositif* is what operationalises the genealogical method. To address this method Harwood³⁷³ proposes using ‘four angles of scrutiny’ that ‘provide one way to think about applying genealogy’.³⁷⁴ These angles are ‘discontinuity, contingency, emergence and subjugated knowledge’. They provide ways of conducting a genealogical analysis to interrogate the participation of LAT in the G77. These are shown in the figure below.



As the figure shows and in a methodological suggestion, Harwood³⁷⁵ claims to start by seeking the ‘discontinuity’, which seeks ‘something altogether different’ in the discourses. Foucault identifies a discontinuity when ‘things are no longer perceived, described, expressed, characterised, classified, and known in the same way’.³⁷⁶ It means when the acceptability of an old system is dropping and a new one arising. In this study, discontinuity has been used to locate specific breaks and ruptures in the truth of Latin American discourses to take part in the G77, and to unsettle assertions such as that a coalition is a response to global inequity. Therefore, for discontinuity, it is possible to identify ‘points of rupture and difference in the apparently

³⁶⁹ Dreyfus & Rabinow, 1982:113

³⁷⁰ Foucault, 1980:194

³⁷¹ Foucault 1980:194

³⁷² Bonditti et al., 2014

³⁷³ Harwood, 2006:21

³⁷⁴ Harwood, 2004:87

³⁷⁵ Harwood, 2004:95

³⁷⁶ Kellner & Best, 1991

continuous truth'³⁷⁷ in the Latin American coalescence.

The second angle proposed is 'contingence',³⁷⁸ which 'brings to the surface the contingent nature of self-evident truths'.³⁷⁹ For this study, this means to find points at which truths arise about the inception of coalescence and to help answer questions such as, what conditions or occurrences in Latin American coalescence are contingent? Likewise, Harwood suggests considering two aspects of contingency. First, things that present themselves like natural ends and as a result of a comprehensible and progressive history of heterogeneous elements. Second, these things do not come together in some organised fashion but respond to haphazard conflict.³⁸⁰ Therefore, the question for this study could be: what political contingency brings the truth produced about Latin American participation in a coalition of developing countries? At what moment is Latin American involvement in coalitions contingent?

'Emergence' is the third angle proposed by Harwood. Emergence constitutes a discontinuity of history that is focused on genealogical inquiry.³⁸¹ Scrutiny of it provides a way to draw attention to the manifestation of the studied phenomena.³⁸² Indeed, emergence is 'the moment of arising' when a system series comes together in a 'hazardous play of dominations' that have given birth to our way of existence.³⁸³ A question could be: how has the notion of Latin American coalescence emerged?

Therefore, the use of Harwood's perspectives of discontinuity, contingency and emergence can be harnessed to interrogate international society about Latin American participation in the G77. Thus, discontinuity can be deployed to ask whether coalitions of developing countries remained the same. Contingence can ask whether its establishment and continuity is contingent. While emergence promotes questions about when and how the Latin American participation in coalitions emerged. Thus, the truth is considered in terms of discontinuity, while contingency supports the emergence of the historical acceptability (the interpretation of truths).

³⁷⁷ Harwood, 2006:13

³⁷⁸ Harwood, 2004:92

³⁷⁹ Harwood, 2006:14

³⁸⁰ Harwood, 2006, quoting Ransom, 1997:88

³⁸¹ Meadmore et al., 2000

³⁸² Harwood, 2004:88

³⁸³ Foucault, 1986:83

Finally, the fourth angle is 'Subjugated Knowledge', divided into two types: subjugated erudite knowledge and subjugated disqualified knowledge (local memories).³⁸⁴ The first one should be used to develop the genealogy while the second one is useful for identification of the self-formation process, and the subsequent construction of subjectivities of Latin American states. According to Harwood,³⁸⁵ quoting Foucault:

These knowledges are what Foucault describes as those blocs of historical knowledge which were present but disguised within the body of functionalism and systematizing theory and which criticism which obviously draws upon scholarship- has been able to reveal. These knowledges are valuable tools for the genealogist since from these it is possible to create something one might call a genealogy, or rather a multiplicity of genealogical researches, a painstaking rediscovery of struggles together with the rude memory of their conflicts.³⁸⁶

This angle concerns the self, the forms of subjectivation fostered by these discourses and practices.³⁸⁷ This subjectivation implies considering the way in which Latin American countries have constituted perception about participation in coalitions according to prevailing narratives. Therefore, this study has been determined by the eventalisation as a process in its methodological aspect.

³⁸⁴ Harwood, 2004:100

³⁸⁵ Harwood, 2006:14

³⁸⁶ Foucault, 1980:81-83

³⁸⁷ Larner, 1998

CHAPTER THREE

The case

4.1. The event and its historical context:

The inception of the Group of 77 from a Latin American perspective

The practice of developing countries of taking part in the group of the G77 is shaping the way in which several decisions are taken at UN negotiations, such as sustainable development and climate change. This practice that defines the North-South divide makes it difficult to get agreements in relevant bargaining at the UN. The G77 is influencing the world in which we live. Likewise, neoliberal ideas deployed from the Global North to the Global South are influencing the North-South divide.³⁸⁸ The establishment of this case frames the eventalisation of the role of neoliberalism in the decision of developing countries to take part in the G77 from a Latin American perspective. This means to rethink the known explanations of Latin American participation in the G77 to connect this with neoliberalism in a defined context in a historical period.

The G77 was launched in the UNCTAD I at the beginning of the Cold War, as a way for developing countries to address the negotiations about commodity trade.³⁸⁹ However, the history that triggered the G77 started almost two decades before in the middle of the crisis that ended liberalism and in which developing countries were mainly the Latin American ones. This is the period that this research explored in order to find the relationship between the Latin American practice of taking part in the G77 and the beginning of neoliberalism.

For the exploration, this study was focused on two elements related to the G77 inception and which show that the Latin American participation in the group - in a way to promote development in international negotiations - is part of a power/knowledge system connected with the deployment of neoliberalism.

The first element explored (an *a priori* in terms of Foucault) is the unfairness of the international economic system as a condition of acceptance of the Latin American participation in the G77. Specifically, it explored the emergence of the Latin American

³⁸⁸ Arrighi, Silver and Brewer, 2003

³⁸⁹ Vihma, Mulugetta & Karlson-Vinkhuyzen, 2011; Alden, Morphet & Vieira, 2010; Geldart & Lyon, 1980; Kasa, Gullberg & Haggelund, 2008; Sauvant, 1981

discourse about injustice linked to international economic structures due to GATT. This discourse, promoting change in the international economic order, and used subsequently by the G77, is widely known. However, some questions appeared: why had this discourse to be present in all negotiations? Why has this discourse become important and accepted as a Southern view in international negotiations about trade and development? Why, despite strong opposition from developed countries and the historical changes, does this discourse remain invariable? Is this discourse related to deployment of the neoliberal system? How is this discourse related to differentiation of countries in the international system?

The second element explored (a “multiple causal factor” in terms of Foucault) is the economy of development. Specifically, what was explored was the knowledge production about economy specificity regarding developed countries. This knowledge was used to improve industrialisation of Latin America, but also to prepare the position of developing countries in the negotiations of the UNCTAD I when the G77 was established. In this context, the question was, how was this knowledge related to the system of power that created the G77? Did this knowledge feed the power system through the establishment of the characteristic of the developing country?

To present these elements, first, I introduce the relevant role of Latin America in the G77 inception.

Latin America in the G77's history. Nowadays, Latin America is a region composed of developing countries that take part in the G77 to address the UN negotiations.

This practice of grouping with other developing countries to address international negotiations with industrialised countries was not a practice used by Latin American governments previously. For example, in the nineteenth century when Latin America was still in a process of establishing independent countries, their international needs were addressed unilaterally and oriented to strengthen their economies.³⁹⁰

In those days of liberal trade,³⁹¹ the international context was not restricted by multilateral institutions. The reformation of an international economic structure was not

³⁹⁰ Bernal Meza, 1996

³⁹¹ Polanyi, 1944; Foucault, 2008

among the objectives of Latin American diplomacy. The achievement of industrialisation was the goal of Latin American governments,³⁹² and high confidence in the international economy dominated by liberal precepts of free trade encouraged the states to believe that it was possible.³⁹³ The global structure of power was not an issue to address in international deliberations, and more importantly, there was nothing called “underdevelopment” in Latin America.

As a difference with developing countries from other regions, Latin American states got their independence before the UN system and their interest in international negotiations started previous to the UN structure. For example, they were active participants of institutions such as the League of Nations and the Organisations of American States (OAS). The League of Nations not an important target for Latin America, but the OAS was highly relevant. The OAS was seen by Latin American governments as an opportunity to solve their trade problems associated with the Monroe Doctrine.³⁹⁴ Specifically, this organisation was established by the US in a way to take control of the armed forces of Latin America and of its market in the region while liberalism was in crisis. This doctrine is part of what is called American Imperialism over Latin America, in which the US achieves the power to “protect” American economic interests in the region against Europe and against Latin American states themselves.³⁹⁵ It is interesting to note that the existence of the OAS meant an unfavourable point in the establishment of the ECLA because of its purposes in hemispherical matters. The ECLA was seen as a political competitor of the OAS, but it was established by arguing that this would be oriented to global topics.³⁹⁶

In the 1940s when multilateral institutions were first negotiated, the composition of states in the world was different regarding the present. In those days, there were not so many states as today. For example, only forty four countries attended the Bretton Woods Conference, and nineteen of these were from Latin America.³⁹⁷ Thus, Latin American states were the key representatives of non-industrialised countries in negotiations, mainly

³⁹² Santa Cruz, 1995; Bernal Meza, 1996

³⁹³ Santa Cruz, 1995

³⁹⁴ Thomas & Thomas, 1970

³⁹⁵ Thomas & Thomas, 1970

³⁹⁶ Saez & Enrique, 2009

³⁹⁷ Helleiner, 2014:159

because the majority of African and Asian territories were still colonies.

In this context of representation of non-industrialised states, Latin America started its participation in negotiations. For this period, it is commonly said that developing countries did not take part effectively in the Bretton Woods Conference,³⁹⁸ and were not invited to the Dumbarton Oaks Conference³⁹⁹ in which the UN future and the Brazilian option to become a permanent member of Security Council were discussed.⁴⁰⁰ The reason could be linked to the fact that these institutions were thought of in a post-world war context and Latin America did not participate in the wars (except for Mexico and Brazil which sent small troop numbers to Italy and France during the Second World War). However, the organisation of the United Nations on Trade and Employment Conference was different to previous conferences about implementing multilateral institutions. In this, Latin American countries were invited to take part and participated actively.⁴⁰¹

Latin American involvement in this conference was crucial because the terms of commodities trade and financing for industrialisation were discussed.⁴⁰² Indeed, Latin American countries viewed this conference as an opportunity to get a solution to issues about international trade inherited from the colonial period.⁴⁰³

Latin American countries sought the inclusion of topics about industrialisation in the discussion at the Conference, despite negotiations in the conference and preparatory meetings being led mainly by the US and the UK. Indeed, first ideas about objectives of the ITO were drafted by the US in anticipation of the preparatory committee. This document, published in 1947, called the *Suggested Charter for an International Trade Organisation of the United Nations*, was based on a previous document called *Proposal for expansion of World Trade and Employment* from 1945.⁴⁰⁴

Likewise, in the London Conference in 1946 - a preparatory meeting - issues about employment, tariffs and preferences the discussions were also mainly led by the US and

³⁹⁸ Officially called the United Nations Monetary and Financial Conference, held on July 1-22, 1944.

³⁹⁹ Toye & Toye, 2004; Toye, 2014; Meier, 1984

⁴⁰⁰ Garcia, 2011; Hilderbrand, 2001

⁴⁰¹ Plesh & Weiss, 2015:185-90; Spero & Hart, 2009:74

⁴⁰² Cardenas & Ocampo, 2000:60; Sauvart, 1981; Plesh & Weiss, 2015

⁴⁰³ Helleiner, 2014

⁴⁰⁴ Mavroidis, 2016:13; Van der Bossche, 2008

the UK. However, despite the economic development of non-industrialised states playing a minor role in the debate, Latin American countries, among other developing countries, highlighted the importance of international trade in the national balance of payments for them.⁴⁰⁵ The attempt bore fruit in negotiations, and economic development and its relation with trade was included in discussions. From Latin America, only Brazil, Chile and Cuba were involved in the preparatory meetings.⁴⁰⁶

At the consequent meeting, the Geneva Conference, the General Agreement on Tariffs and Trade (GATT) was negotiated. GATT, which did not include economic development among its precepts, was signed by the Latin American countries.

In 1947 negotiations in the Havana Conference started and Latin American countries tried again to push the debate about development in favour of its interests, by placing the issue of economic development on the agenda. The focus was trade: they wanted to gain special trade exceptions to promote economic development to enhance the competitiveness of its incipient industry.⁴⁰⁷ Latin America wanted tariff preferences at a regional level, like those enjoyed by industrialised states (ex: imperial preferences) and to improve conditions of trade for commodities through commodities agreements.⁴⁰⁸

After negotiations, developing countries managed to impose their interests related to industrialisation. Indeed, the document, signed by fifty three countries, sixteen from Latin America,⁴⁰⁹ (the Havana Charter), included two objectives (point 2 and 5) oriented to industrialisation of states such as the Latin American ones:

To assure a large and steadily growing volume of real income and effective demand, to increase the production, consumption and exchange of goods, and thus to contribute to a balanced and expanding world economy. 2. To foster and assist industrial and general economic development, particularly of those countries which are still in the early stages of industrial development, and to encourage the international flow of capital for productive investment. 3. To further the enjoyment by all countries, on equal terms, of access to the markets, products and productive facilities which are needed for their economic prosperity and development. 4. To promote on a reciprocal and mutually advantageous basis the

⁴⁰⁵ Toye, 2014

⁴⁰⁶ Mavroidis, 2016:15

⁴⁰⁷ UN ECLA, 1949:25

⁴⁰⁸ UN ECLA, 1948:28

⁴⁰⁹ UNCTAE, 1948:14

reduction of tariffs and other barriers to trade and the elimination of discriminatory treatment in international commerce. 5. To enable countries, by increasing the opportunities for their trade and economic development, to abstain from measures which would disrupt world commerce, reduce productive employment or retard economic progress. 6. To facilitate through the promotion of mutual understanding, consultation and co-operation the solution of problems relating to international trade in the fields of employment, economic development, commercial policy, business practices and commodity policy.⁴¹⁰

The United Nations Conference on Trade and Employment witnessed important achievements in terms of development by developing countries.

Thus, despite the good omen for Latin American countries in negotiations for the establishment of the International Trade Organisation (ITO),⁴¹¹ and despite developing countries (mainly Latin American) making a high proportion of attendant countries, the ITO was not established. Negotiations were difficult, and at the end of these, the US and the UK did not achieve agreement on issues of employment.

The achievements of developing countries were erased with the rejection of the implementation of the Habana Charter, and given that the charter was not ratified, the General Agreement on Tariff and Trade (GATT) signed in the Geneva Conference was adopted as a “Protocol of Provisional Application”. It was signed by twenty eight countries⁴¹². Thus, despite the great achievement of Latin American countries, this meant nothing in the final agreement. There was a participative negotiation about commodity trade that ended with the implementation of something different to what was discussed in the conference.

GATT became the legal framework of trade that represented only a portion of the participant countries in negotiations.⁴¹³ It was a set of rules for trade that did not take into account the social and economic differences among industrialised and developing countries, and it would bring several problems for Latin America. Dr Carlos Calleras,

⁴¹⁰ UNCTAE 1948: 14

⁴¹¹ In the Havana Conference, in Cuba from November 21, 1947, to March 24, 1948.

⁴¹² Interim Commission for the International Trade Organization, 1948

⁴¹³ Curzon, 1965

Ambassador Extraordinary and Plenipotentiary of Colombia, in its intervention at the third plenary meeting at the UNCTAD⁴¹⁴, held on 24 March 1964, raised this issue:

For the proper understanding of the meaning and aims of this Conference on Trade and Development, we have to see it within the general framework of the evolution that has taken place in the last twenty years. [...] The Havana Charter, as is well known, never went into effect; although, according to terms previously concerted, several of the countries that participated in that conference proceeded to regulate their commercial relations by the General Agreement on Tariffs and Trade, others have abstained from entering into it. [...] The General Agreement on Tariffs and Trade and the Havana Charter were discussed when many of the great Powers were just beginning to emerge from the chaos caused by the war and were concentrating on the problems of their own reconstruction. The developing countries insisted, nearly always without success, that their very special situation should be taken into account. They alleged that it was not right to apply to all the participating nations the same conceptions and rules on such matters as reciprocity, the extension of the most-favoured-nation clause and the establishment of new preferences; and they argued that it was absurd and unfair to prescribe an indiscriminate equality of treatment for unequal situations, and that, although the prosperity of the great nations was undoubtedly an indispensable condition for the prosperity of the others it was false to assume that the former by itself brought in its train or guaranteed the latter.⁴¹⁵

The GATT, signed in a context different to that discussed, was reinforced a decade later. In 1954, Latin American countries achieved a change in the document.⁴¹⁶ However, these changes were not substantial because the most favoured nation clause did not change and the establishment of new preferences for industrialisation was not addressed.⁴¹⁷ This made it difficult for developing countries to protect their commodity trade. The weak results in the revision of GATT triggered the need for a conference oriented to solve the problem of developing countries.⁴¹⁸ This conference was triggered by Asian-African countries, but the knowledge about underdevelopment came from Latin America.

Particularly, around the world, the explicit interest to solve trade issues in collaboration among developing countries started in 1955 when the first Asian-African

⁴¹⁴ UNCTAD I, 1964b:151

⁴¹⁵ UNCTAD I, 1964b; 151

⁴¹⁶ UNCTAD, 1964b

⁴¹⁷ Curzon, 1965

⁴¹⁸ Toye, 2014

conference was held in Bandung.⁴¹⁹ This conference, organised by Asian-African nations which were going through their own decolonisation process, marked an important turning point for the Non-Aligned Movement (NAM), the first multilateral coalition of developing countries established in 1962.⁴²⁰ The aim of the conference was the promotion of cooperation in economic and cultural issues between Afro-Asian nations; it also manifested their concern about natural resources. This is evident in the communique of the Asian-African Conference which claimed 'Respect for the sovereignty and territorial integrity of all nations' among the principles for international cooperation.⁴²¹

Although from Latin America only Cuba attended the Bandung Conference, its key ideas were discussed in the ECLA context. In the sixth period sessions of ECLA⁴²² Dag Hammarskjöld, Secretary General of United Nations, stressed the relevance for developing countries of this conference; in his discourse he stated that:

I believe that new opportunities are now opening before us for more effective co-operation in the field of economic and social development. Within the United Nations every Member country can exert its influence in promoting a more determined and substantial international attack on the problem of poverty than before. In the regional economic commissions, you have a special opportunity and responsibility in this respect. Your own record constitutes ample evidence that you will be able to make a sound and imaginative contribution to a new common effort to meet this over-riding challenge of our times.⁴²³

Given the trade problems suffered by developing countries and looked upon with great misgivings and reservations by the industrial countries, in July 1962 the Cairo Conference on the Problems of Economic Development was held.⁴²⁴ The Cairo Conference was guided by Abdel Moneim Kaissouni, Minister in the United Arab Republic, who became the President of the first UNCTAD. In this conference, the attendant countries took a joint position at the UNGA⁴²⁵ to support the realisation of the UNCTAD, as stated in the seventeenth period of sessions of the ECOSOC:

⁴¹⁹ Kimche, 1973

⁴²⁰ Tan & Acharya, 2008

⁴²¹ League of Arab States, 1955

⁴²² UN ECOSOC, 1955:39

⁴²³ UN ECOSOC 1955:39

⁴²⁴ UNGA [b], 1962

⁴²⁵ UNGA, 1962:19

[...] at the Cairo Conference on the Problems of Economic Development, the thirty-one participating nations had declared themselves in favour of holding an international economic conference within the framework of the United Nations, the agenda to include all vital questions relating to international trade, primary commodity trade and economic relations between developing and developed countries.⁴²⁶

UNCTAD I brought a new discussion about international trade and with it the inception of the G77.⁴²⁷ In the conference discussion was oriented to achieve agreement on fifteen principles identified as the “General Principles” to govern international trade relations and trade policies conducive to development.⁴²⁸ These principles were built from knowledge of underdevelopment produced in Latin America.⁴²⁹ Indeed, principles were established to take into account the document prepared by the Secretary-General of the Conference sent to governments before the conference. This report, entitled *Toward a New Trade Policy for Development (Vol. II)*, was a basic document of the Conference.⁴³⁰ This document was written by Raul Prebisch, the former Secretary-General of ECLA and promoter of the regional economic integration of Latin America. Therefore, the principles presented in UNCTAD I represent the thinking of the ECLA mainly. Other member states also submitted useful proposals and suggestions to the conference, hence, the document summarised the trade problems of Latin America, but on a global scale representing all developing countries.

Despite developed countries accepting principles proposed in the conference, some with substantial changes, results were wary of goals.⁴³¹ This caution was because of past experiences in the Havana Conference on Trade and Employment in 1947 in which GATT was established. UNCTAD I was understood as the opportunity to conclude the discussion about trade, and hence the opportunity to achieve a final solution to developing countries’ problems. This idea was summarised by Raul Prebisch, Secretary-General of

⁴²⁶ UNGA 1962:19

⁴²⁷ Toye, 2014

⁴²⁸ UNCTAD, 1964a:10-11

⁴²⁹ Dell, 1984

⁴³⁰ UNCTAD, 1964

⁴³¹ UNCTAD, 1964b

the United Nations Conference on Trade and Development⁴³² at the third plenary meeting, held on 24 March 1964:

I simply recognized that the Conference presented a unique opportunity for peripheral countries to explain to the industrial centres, clearly and objectively, the problems hampering their economic development. I believe, in fact, that this is a historic opportunity. Ten years ago, in the region from which I come, a great opportunity arose to effect a fundamental change in the policy of international co-operation. That opportunity was missed, with serious consequences which now make it much more difficult to achieve what might then have been achieved. I should not like this new opportunity for the developing countries to be missed. I do not wish to consider the effects that such a failure would have and I believe that we must all try to recognize the importance of this moment and to appreciate the hopes which the developing world places in the developed countries. Basically, it hopes that it may be allowed to play its part in the international field.⁴³³

The most important goals of the conference were two: the idea to implement a “new international division of labour”, to improve terms of trade for developing countries through the facilitation of industrial exports from developing countries, and the establishment of the Group of 77 with its Declaration of Developing Countries constitution, that was led in large part by Latin American efforts.⁴³⁴

- **The elements for explorations**

The discourse of inequality in the process that triggered the G77. In the last decades it has been accepted that GATT implementation turns the inequality lived by Latin American countries into a discourse of unquestionable reality. This discourse that created the need to reform the international economic structure also reinforced the differentiation between countries, between industrialised and non-industrialised states, between Global North and Global South.

The history of the inequality discourse claimed by the G77 started with the end of liberalism, which was triggered by the outbreak of the Great Depression and the Second World War that impeded the restoration of the international free trade.⁴³⁵ In this

⁴³² UNCTAD, 1964b:80

⁴³³ UNCTAD, 1964b: 80

⁴³⁴ UNCTAD, 1964a:Final act

⁴³⁵ Polanyi, 1944; Hilderbrand, 2001:11

complex international scenario, industrialised states that lose their chances for growth foster the return of market confidence as the only way to recover the world economy.⁴³⁶ Thus, the United States as the world's foremost economic power, and the United Kingdom as the economic hegemon in its final stage decided the establishment of multilateral institutions⁴³⁷ to restore and protect "free trade" among countries. This new institutional structure would change the "rules of the global game" in which Latin American countries should address industrialisation. "Restoration" of trade meant the creation of a new international economic "playing field"; an international structure related to the emergence of neoliberalism.

With the inception of the UN system the international economic structure changed. From 1945, Latin America and much of the rest of the developing world would be inserted into a new international emergent system. This system was characterised by asymmetric economic interdependence, and an increasing differentiation in structure and location of countries in the world hierarchy.⁴³⁸ The beginning of a multilateral structure implied a significant change in negotiation conditions among states, Latin American included. Alongside multilateral institutions appeared the "New Diplomacy", which transited from being secret and restricted to being outright and public.⁴³⁹ It was an idea deeply rooted in liberal tradition.⁴⁴⁰

This change imposed by international institutions, which also implied a modification of liberal precepts related to free trade and monitoring by institutions, triggered a change in the capability of Latin America to achieve industrialisation.⁴⁴¹ This was due to the implementation of the clause of most favoured nation in GATT.⁴⁴² These restrictions to development are the primary motivation of Latin America for taking part in the G77 and the history of the origins of the G77.⁴⁴³

The international structure of the UN was built in a way that meant developed countries promoted the issues to be discussed in trade matters and imposed their

⁴³⁶ Polanyi, 1944; Hull & Berding, 1948; Gardner, 1956; Prebisch & Pollock, 2006

⁴³⁷ Hull & Berding, 1948; Endres, 2002

⁴³⁸ Prebisch & Pollock, 2006; Kaplan, 1983

⁴³⁹ Knock, 1995; Calduch, 1993; Bjola & Kornprobst, 2013

⁴⁴⁰ Bjola & Kornprobst, 2013:32

⁴⁴¹ UN CEPAL, 1951

⁴⁴² Bhagwati, 1993:22-3.

⁴⁴³ UNCTAD I, 1964

preferences.⁴⁴⁴ Particularly, in an international scenario dominated by liberal trends that promote global access to markets, multilateral agreements assumed that all states are equal, and must enjoy the same opportunities to enter new markets.⁴⁴⁵ However, different levels of industrialisation determine the type of access to international trade, and these economic differences among states were not taken into account, a matter of high relevance for developing countries.⁴⁴⁶

The international structure was particularly founded on four institutions, the United Nations and the three Breton Woods institutions. The United Nations was designed to bring peace, while other three were intended to restore international trade after the economic debacle.⁴⁴⁷ These institutions were the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF) and the International Trade Organisation (ITO).

The first two institutions were established in the Bretton Woods Conference in 1944 and they were designed to restore the finance balance and the availability of international loans. The third one would be the institution to ensure the stability of trading and a wealthy economic global environment for industrialised and non-industrialised countries. This was left as a pending issue that should be oriented to rule international trade. The Havana Conference, in Cuba from November 21st 1947 to March 24 1948, was the culmination of a process to establish the ITO. GATT was the replacement of the ITO, waiting for its ratification.

In January 1948, GATT became the main document to rule international trade.⁴⁴⁸ Its aim was 'raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods'.⁴⁴⁹ With the outbreak of the Korean War on December 6 1950, President Truman announced that he would no longer seek Congressional approval of the ITO Charter, and it was

⁴⁴⁴ Gold & Connolly, 2006

⁴⁴⁵ Curzon, 1965

⁴⁴⁶ UN CEPAL, 1951

⁴⁴⁷ Bordo, & Eichengreen, 2007

⁴⁴⁸ Curzon, 1965

⁴⁴⁹ GATT, 1947:1

abandoned.⁴⁵⁰ The establishment of GATT became the icon of unfair trade conditions, but more importantly, GATT became the target of the industrialised and non-industrialised states' opposition.

GATT became the unique framework to handle international trade relations among countries. In comparison with the Havana Charter, GATT did not consider concessions for the industrialisation of developing countries.⁴⁵¹ From the Latin American perspective, this agreement contained significant restrictions on their capacity to achieve economic development, imposed by industrialised states.⁴⁵² Indeed, GATT meant that the export-oriented industrialisation strategy was no longer a feasible option for Latin America to achieve development.⁴⁵³

According to Latin America, GATT is unfair because it imposes 'equality of treatment for unequal situations';⁴⁵⁴ this means GATT takes industrialised states and non-industrialised states as equal in terms of trade. This situation of "false equality" heightened rather than helped the differences among countries.

The General Agreement on Tariffs and Trade and the Havana Charter were discussed when many of the major powers were just beginning to emerge from the chaos caused by the war and were concentrating on the problems of their own reconstruction.⁴⁵⁵ The Latin American countries insisted, nearly always without success, that their very special situation should be taken into account. They alleged that it was not right to apply to all the participating nations the same conceptions and rules on such matters as reciprocity, the extension of the most favoured nation clause and the establishment of new preferences; and they argued that it was absurd and unfair to prescribe an indiscriminate equality of treatment for unequal situations, and that, although the prosperity of the great nations was undoubtedly an indispensable condition for the prosperity of the others it was false to assume that the former by itself guaranteed the latter.⁴⁵⁶ Latin America embodied the underdevelopment problem.

⁴⁵⁰ Restad, 2014:175

⁴⁵¹ UNCTAE, 1948; Curzon, 1965; Toye, 2002

⁴⁵² UNCTAE, 1948; Curzon, 1965; Toye, 2002

⁴⁵³ Cardenas & Ocampo, 2000:60

⁴⁵⁴ UNCTAD, 1964b:146

⁴⁵⁵ UNCTAD, 1964b:146

⁴⁵⁶ UNCTAD, 1964b:151

This concern about development was the result of widening gaps in well-being between industrialised and non-industrialised countries in the post-war years. Indeed, developing countries faced economic and social problems such as inflation and poverty. This is A. M. Kaissouni, Minister of Treasury and Planning of the United Arab Republic and president of the UNCTAD,⁴⁵⁷ at the first plenary meeting:

The existence of growing economic disparities side by side with an alluring political equality between the less-developed and the advanced countries of the world is one of the most serious problems that faces the international community at the present time. It would be a tragic error to resort to mere palliatives in the face of such a situation. The real need is for a new and vigorous policy of international co-operation wherein international trade and finance must play a key role in promoting economic development especially in the less advanced regions of the world.⁴⁵⁸

The signature of the GATT created an international economic system that eludes any responsibility for deterioration of terms of commodities trade, which were the primary source of Latin American trade.⁴⁵⁹ The difficulty of changing GATT, a document that was part of the ITO negotiations and accepted by states in that specific context of negotiations, meant a new strategy was required. This would trigger the coalitions of developing countries we have discussed. This process is summarised by Joao Augusto de Araujo Castro, Minister of State for External Relations, the representative of Brazil, at the UNCTAD,⁴⁶⁰ held on 24 March 1964, who took an active part of GATT discussions:

An appendix to the Havana Charter conveniently outlived the main body which never came to life. This was GATT, the General Agreement on Tariffs and Trade. And from 1948 to 1954, all the efforts of the under-developed countries concentrated on changing the GATT Contract, in order that it could be made more comprehensive, to take care of particular situations peculiar to problems of economic development. The delegation of Brazil took a major part in provoking the industrialized countries to come forward and to accept the challenge to draft a modified GATT Contract. As all of you know very well, this resulted in the GATT Revision of 1954.⁴⁶¹

⁴⁵⁷ UNCTAD, 1964b:73

⁴⁵⁸ UNCTAD, 1964b; 73

⁴⁵⁹ Carta de Alta Gracia, 1964

⁴⁶⁰ UNCTAD, 1964b:174

⁴⁶¹ UNCTAD, 1964b; 174

The unsolved problems left behind by the GATT Revision were heightened by the creation of economic groupings that adhered to the preferences already accepted and institutionalised in GATT.⁴⁶² This made international terms of trade worsen, and Latin American countries were adversely affected. This situation caused Latin American countries to reinforce their claims, and forming alliances with other developing countries became the likeliest solution.

GATT implies a discontinuity in the history of Latin America at the United Nations negotiations. GATT implementation became the reason to legitimate the claims of the South about the economic system and the consequent claims of the G77. Hence, Latin American participation would be no longer perceived and known in the same way, it would be linked to the conceptualisation of the South.

The inequality produced by GATT implied the recognition of a different country, the developing country that should receive international support. This idea was supported by A. M. Kaissouni, President of the UNCTAD, at 23 March 1964, who as we saw claimed that the existence of growing economic disparities side by side with an alluring political equality between the less-developed and the advanced countries of the world was one of the most serious problems facing the international community at the present time.⁴⁶³ Therefore, the only way to address this challenge was through international cooperation wherein international trade and finance must play a key role in promoting economic development:

It is gratifying that there is at present general recognition that international peace and prosperity cannot really be achieved and maintained if we allow such dangerous and explosive economic trends to continue unchecked and if we do not truly endeavour to combine our efforts to narrow the already wide and growing gap that separates the advanced from the developing countries. This is definitely one of the main sources of prevailing world tensions and neither the advanced nor the developing nations can afford to ignore it.⁴⁶⁴

The discussion around the liberal ideas, summarised in the free markets and the

⁴⁶² UNCTAD, 1964b:126

⁴⁶³ UNCTAD, 1964b:82-5

⁴⁶⁴ UNCTAD, 1964b:83

role of GATT, is relevant to the UNCTAD purposes. Particularly, in the UNCTAD I,⁴⁶⁵ in the chapter about “The problem of International Trade and Development”, GATT was criticised because of its incapacity to fulfil the function designed to promote international free trade. In this context, GATT was unable to avoid the deterioration of terms of trade because it had no clear code of rules and principles to govern international trade. This lack did harm the economy of developing countries, mainly because these rules and principles were based on an abstract notion of economic homogeneity which concealed the great structural differences between industrial centres and peripheral countries with all its important implications.⁴⁶⁶

Therefore, the request of developing countries was focused on creating a new institution useful to support the development of developing countries and recognising that the industrialisation of developing countries was occurring in a very different context to industrialised countries. This was summarised by the Chilean representative, Carlos Martinez Sotomayor:

Thus, the institutions which emerged from the post-war period endeavoured to bring some order in the system of trade but soon revealed their inadequacy in face of the new economic realities. It is precisely the basic theory prevailing during and immediately after the war, and upon which those institutions were based, that is under judgement today. Later developments have shown that the theory of economic equality among States—one of the foundations of theory in those years—was a false assumption and incompatible with justice, which ought to govern international relations. [...] We also fully subscribe to the idea that the new structure of world trade must favour the setting-up of machinery and regulations designed to stimulate trade among developing countries and among countries at different stages of economic development, and, finally, among countries with different political systems.⁴⁶⁷

Later on, Latin American participation in coalitions was linked to the same ideas. Thus over the last decades, some Latin American countries have taken part in coalitions. These include the G24, established in 1971 to coordinate positions against developed countries in financial matters as part of the G77; the G29, established in 1974 to face the

⁴⁶⁵ UNCTAD, 1964b:38

⁴⁶⁶ UNCTAD, 1964b:18

⁴⁶⁷ UNCTAD, 1964b:144-145

Paris Conference⁴⁶⁸ on issues of international cooperation; the Group of Ten (G-10) in the mid-1980s addressing the so-called “Big Five”,⁴⁶⁹ which sought to address in positive terms a new round of negotiations in trade (Uruguay); the IBSA group (comprising India, Brazil, and South Africa), established in 2003 to protect trade interests due to the failure of negotiations at the World Trade Organisation (WTO) ministerial in Cancun; and, finally, the BASIC Group, (IBSA+China) established in 2009 to protect economic interests in climate negotiations at the UNFCCC in Copenhagen. BASIC rose due to failure in the continuity of the Kyoto protocol, and of developed countries to establish commercial commitments to support mitigation actions in developed countries. All these coalitions are linked to the G77.

The creation of knowledge about the economy of development. The inequality associated with GATT creates the need of production of knowledge about development to address negotiations. For example, the representative of Brazil, argued that the bad results of negotiations in issues of trade were due to the no understanding of developing countries about their economic problems. Their position was not enough prepared; hence it was not possible to discuss the problems of development. Thus, Joao De Araujo Castro⁴⁷⁰, Minister of State for External Relations of Brazil, stated at the fourth plenary meeting held on 24 March 1964:

Many people sitting around this hall will certainly remember how badly prepared were the underdeveloped countries when they faced the delegations of the industrialized countries at the Havana Conference. Even the name of the Havana Conference—on Trade and Employment—was an indication of the unconscious desire of that meeting not to arrive at ways and means to develop the under-developed countries, but to maintain employment levels in the industrial countries devastated by the economic depression of the Thirties. [...] And the irony of history is that the major industrialized countries did not ratify the Havana Charter, thereby giving the under-developed countries a chance to attempt and strive towards the solution of their own problems, at their own risk, and to pursue keenly the study of these difficulties and solutions for those problems, laying the

⁴⁶⁸ Bulletin of the European Communities, 1974

⁴⁶⁹ Tussie, 2008

⁴⁷⁰ UNCTAD, 1964b:117

very seeds of this gathering. This Conference resulted from the failure of the Havana Conference in dealing properly with the problems of economic under-development.⁴⁷¹

The deterioration of terms of trade was the key issue that triggered the need for knowledge. The economic problems started with GATT and the industrialised countries' decision to establishing price-fixing regimes for commodity products in international markets, affecting economic development in Latin America significantly.⁴⁷² This Latin American problem induced a "problematisation of underdevelopment", which sought the solution for industrialisation and which sustained the idea of inequality in international trade and the consequent difference between "developing country" and "developed countries". It was the pillar of the Latin American participation in the G77.

The problematisation and the consequent knowledge for under-development was produced by Latin America and is associated with the establishment of the Economic Commission for Latin America (ECLA). The ECLA, the UN regional institution that supports Latin America in economic matters, showed the world the new truth regarding the economy of non-industrialised states, and their trade framework under liberal principles; it denounced the unfairness that LAT was suffering, and stressed the need for alliances to gain strength.

With its work, the ECLA unveiled the unfairness of the international economic structure and its effects on industrialisation and development. Ideas of Raul Prebisch - General Secretary of the ECLA - and his centre-periphery theory, produced the arguments needed to demand changes in the international economic structure in favour of developing countries.⁴⁷³ This implied the exigencies of trade concessions and international aid, statements that developing countries would demand through the G77.

This knowledge produced by Latin America was determinant for the South to obtain the implementation of UNCTAD I. For example, the discussion of commodity problems was based on the conclusions stated by two committees; the first one was the International Commodity Trade Committee (CICT),⁴⁷⁴ in its ninth session from 1 to 12

⁴⁷¹ UNCTAD, 1964b:117

⁴⁷² UN ECOSOC, 1951:30-1

⁴⁷³ UN CEPAL, 1951

⁴⁷⁴ The Commission devoted particular attention to an examination of the use of compensatory financial measures to offset fluctuations in the export income of primary producing countries, basing its discussion mainly on the report International Compensation for Fluctuations in Commodity Trade. This was prepared by a group of experts appointed by the Secretary-

May 1961, and the second one was the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) in its eighteenth session in May 1961. These meetings reinforced the connection between underdevelopment and international trade. On the one hand, the CICT reviewed progress on international trade in primary commodities. It concluded that instability in international commodity markets was serious and that there was no valid reason to suppose that the problem would not persist for a number of years. Hence it recommended implementation of a system of insurance against a decline in export proceeds owing to instability in international commodity trade.⁴⁷⁵

This conclusion was made in consideration of a report prepared by the Secretary-General in accordance with a General Assembly resolution of 5 December 1959 entitled “*Ways and means of promoting wider trade cooperation among States: Trade relations between under-developed and industrially advanced countries*”.⁴⁷⁶ Its aim was to examine the nature of trade relations, including the level and pattern of trade and the significance of trends in exports and of short-term fluctuations in exports. In addition, as a result of discussion with ICTIC, the ECOSOC noted the relevance of promoting exports of manufactured goods as well as of primary products in countries in the process of development, and it stated that problems of world trade could not be fully understood or fully met within a purely regional or even an inter-regional framework but must be seen in their world perspective.⁴⁷⁷

Finally, at the ECOSOC discussion stressed the situation generated by European integration, which was considered to have hampered outside countries.⁴⁷⁸ Some countries even state that this movement was discriminatory in effect and might be detrimental to the growth of world trade; however representatives of France and Italy were convinced that the movement towards integration did not involve discrimination and would be beneficial to the growth of world trade.⁴⁷⁹ In this context, Latin American countries were

General, under General Assembly resolution 1423 (XVI), adopted on 5 December 1959. (YUN, 1961. Based on the Commodity Survey, 1960, prepared by the United Nations Secretariat)

⁴⁷⁵ UN, 1961:184

⁴⁷⁶ Rauschnig, Wiesbrock & Lailach, 1997:228

⁴⁷⁷ UN, 1961:189

⁴⁷⁸ UN, 1963:175

⁴⁷⁹ UN, 1961:189

very interested in the deployment of liberal measures in international trade. According to the Yearbook of the United Nations⁴⁸⁰ many members stressed the need for liberal trade policies, as follows:

Agricultural protection not only hampered the expansion of trade but also prevented the advanced countries themselves from reaping the full benefits of the international division of labour. [Also] the representative of Uruguay, among others, also stressed the need for liberal export policies with respect to manufactures originating in the less developed countries. In view of the progress of industrialization, manufactures would become increasingly important in the exports of developing countries.⁴⁸¹

In a way to reduce the concern of the US and developing countries, mainly Latin American ones about the implementation of Rome Treaty and protection issues related to trade, the ECOSOC adopted in August 1961 a resolution focused on promoting the reduction of agricultural protection from industrialised countries. The resolution, called “*Growth of world commercial trade in agricultural products*”,⁴⁸² was based on a revised version of a proposal put forward in the Council’s Economic Committee by Brazil, France, the United States and Venezuela.⁴⁸³ Its focus was that industrialised countries should reduce their agricultural protection, and was oriented to avoiding prejudice to the trade prospects of efficient producers from outside their countries and regions. Further, it invited ‘the governments to consider the possibility of liberalising such revenue of fiscal charges of other barriers to trade as may at present unduly limit consumption of agricultural commodities from underdeveloped or other developing countries’.⁴⁸⁴

This discussion about trade conditions of the less developed economies were also discussed later, at the General Assembly’s sixteenth session in 1961. Approval was given for the resolution called “*International trade as the primary instrument for economic development*”,⁴⁸⁵ in the same plenary meeting that designated the decade of the 1960s as ‘the United Nations Development Decade’ through resolution 1710 (XVI).⁴⁸⁶ Both resolutions were the origin of the conviction that the economic aims of the United

⁴⁸⁰ UN, 1961:185

⁴⁸¹ UN 1961: 185

⁴⁸² Resolution 846 (XXXII), 1961

⁴⁸³ UN, 1961

⁴⁸⁴ UN ECOSOC, 1962:5

⁴⁸⁵ Resolution 1707 (xvi), 1964

⁴⁸⁶ UNGA, 1961

Nations Charter would best be furthered by a bold new programme of international economic cooperation, and it was requested that the United Nations Conference on Trade and Development be opened. Specifically, the committee at the UNGA wrote to:

Request the Secretary-General to consult Governments of States Members of the United Nations and members of the specialized agencies and ascertain their views on the advisability of holding an international conference on international trade problems relating especially to primary commodity markets and, if they deem such a conference advisable, the topics that might be considered for a provisional agenda.⁴⁸⁷

The committee took this via a draft resolution proposed by Argentina and later revised and co-sponsored by Bolivia, Brazil, Costa Rica, El Salvador, Guatemala, Peru and Uruguay, after restating the main problems encountered by the less developed countries in securing a steady expansion in their external trade. As a response to this requirement, some representatives observed that most of these problems were already being discussed in the various bodies of the United Nations, as well as in other international bodies such as GATT; however, most representatives held the view that an international conference of a comprehensive nature would be valuable.

The preparation for the UNCTAD implied for Latin American countries a new wave of knowledge production about underdevelopment and natural resources. Indeed, given that the topics to be addressed were important for developing countries, the regional economic commissions and other regional organisations emphasised the preparation of the conference and therefore organised their arguments and adopted important resolutions and declarations. They build the appropriate knowledge to show the economic reality of Latin America.

Latin America, supported by the ECLA, prepared two documents. The first one was the *Alta Gracia Charter*⁴⁸⁸ approved by the Special Latin American Co-ordinating Committee of the Organisation of American States, and the second one was the reports relating to the Brasilia meeting convened by the Economic Commission for Latin America. Africa prepared the resolution adopted by the Economic Commission for Africa and by the Economic and Social Commission of the Organisation of African Unity at

⁴⁸⁷ UNGA, 1961: 5

⁴⁸⁸ Carta de Alta Gracia, 1964

Niamey. Europe prepared the resolution of the Economic Commission for Europe. And in Asia and the Far East the Tehran resolution of the Economic Commission for Asia and the Far East was prepared.

The *Alta Gracia Charter*, released on 8 March 1964, particularly reinforced the thinking prevalent in Latin America and consequently the thinking of ECLA. This document was the conclusion of experts and representatives of the governments from Latin America, which gathered at Mar del Plata (Argentina), Santiago (Chile), Sao Paulo (Brazil), Brasilia (Brazil) and finally at Alta Gracia (Argentina). The origin of this document lies in the Latin American interest in promoting unified foreign trade policies, and to work jointly to address its common problems (Alta Gracia Charter, 8 March, 1964).⁴⁸⁹

Furthermore, the charter stressed the difficulties faced by Latin America in international trade. Despite the increase of its exports, Latin America depended on financial support from developed countries to keep its growth. However, given its slow growth it could not pay its debts.⁴⁹⁰ Likewise, the interdependence of regional economies was recognised as a way to achieve and keep the global peace. Thus, the Latin American countries requested a new structure of international trade and supported the requirement made by the developing countries through its “Joint declaration of developing countries”.

Finally, on 23 March 1964 the United Nations Conference on Trade and Development started. The UNCTAD organised twenty three years after the UN, was the culmination of the developing countries’ efforts to achieve a fair trade, and was the conference in which the G77 was established.

Regarding the “*Declaration of Developing Countries*”, all countries recognised the work done by Latin America through the Alta Gracia Charter as a culmination of their efforts, and stressed the significance of the work done by the Economic Commission for Latin America (ECLA) in this context. According to the representative of Mexico, Raul

⁴⁸⁹Free translation: ‘Representatives of the governments of Latin American countries met in Alta Gracia- according to the mandate given by the Second Annual Meeting of the Economic and Social Interamerican council at ministerial level in 1963 - have set the lines of a unified foreign trade policy for development. [Consequently] Latin America has become more aware of their problems and therefore expressed the firm determination to act in coordination with the solution of them’ (Alta Gracia Charter, 8 March, 1964)

⁴⁹⁰ Carta de Alta Gracia, 1964

Salinas Lozano, Secretary of Industry and Commerce of Mexico, at the thirteenth plenary meeting at the UNCTAD I⁴⁹¹ held on 1 April 1964:

No sooner had the United Nations approved the resolution for the convening of this Conference than ECLA set about the task of forming a group of experts who, assisted by the Institute's research body, produced the document which served as a basic paper for the Brasilia meeting and culminated in the Alta Gracia Charter.⁴⁹²

These ideas proposed by Latin America were supported by countries from Central America as well. The Central American Representative, Carlos Enrique Peralta, Minister of Economy of Guatemala, speaking on behalf Honduras, Costa Rica and Nicaragua at the sixth plenary meeting of the UNCTAD,⁴⁹³ held on 25 March 1964, said:

Central America supports the Latin American position set forth in the Charter of Alta Gracia; for it subscribed, when it was adopted, to its principles and suggestions in which our own views are presented in conjunction with those of the other Latin American countries. The Charter of Alta Gracia is the result of a series of preparatory reunions within the scope of Economic Commission for Latin America (ECLA) and the Organization of American States (OAS) at which the Central American countries have always expressed themselves as one voice feeling that they could make a significant contribution to the common stock of ideas.⁴⁹⁴

It is noteworthy that developing countries such as in Latin America made a particular effort to participate in the preparatory meetings around the world. This participation in the preparatory meeting allowed the exchange of ideas and experiences between developing countries to be intensified; this was fundamental to find adequate ideas to achieve the joint positions. The representative of Mexico, Raul Salinas, emphasised this effort at the UNCTAD I:

May I be permitted at this juncture to express our gratitude to those delegations which enthusiastically attended the various preparatory meetings. I shall first mention the memorable meeting held in Cairo, and then those held respectively in Ethiopia, Iran and Niamey. In our own Latin American region, I must mention Chile and Brazil where, at the Brasilia meeting, the Latin American approach to this Conference began to take shape,

⁴⁹¹ UNCTAD, 1964b:276

⁴⁹² UNCTAD, 1964b: 276

⁴⁹³ UNCTAD, 1964b:160

⁴⁹⁴ UNCTAD, 1964b: 160

and finally Argentina, where the position of Latin America was clearly defined in the Alta Gracia Charter.⁴⁹⁵

The joint work made by developing countries was very important to achieve the arguments to negotiate at UNCTAD. In this point the representative of Argentina, Eugenio Blanco, Minister of Economy of Argentina at the fifth plenary meeting, held on 1 April 1964, noticed how Latin America, as a group, worked on the most suitable ideas discussed at UNCTAD I⁴⁹⁶ to achieve coherence with the ideas established by the developing countries from other regions:

In the course of the preparatory work we have considered the meaning of the contemporary scene. In doing this, we naturally proceeded from the consideration of our national problems to a study of the problems with which the whole vast Latin American region is confronted, and setting these in turn in the framework of the problems of the developing countries throughout the world. We believe this work to have been extremely useful since it has enabled us to work out definitions which have been unanimously accepted at the regional level and favourably received by developing nations in other areas. True though it may be that different countries and regions have individual characteristics and varied problems, a common factor exists in the developing world, namely the need to speed up economic growth. This common factor, which inspires the will of our countries to act at the present time, leads to a combination of effort, to a pooling of resources and to responsible co-operation. At the same time, we are convinced that the developing nations of other regions will harmonize their efforts with due regard to Latin America because, through a series of contacts and exchanges of views, we have begun to evolve the guidelines of a long-term policy of solidarity.⁴⁹⁷

Furthermore, these arguments prepared by Latin America were discussed with the representatives from other developing countries. In the preparatory meetings, Brazil was the country that made the linkage outside Latin America in order to identify the common arguments related in international trade; this was affirmed by its representative at the UNCTAD I:

⁴⁹⁵ UNCTAD I, 1964b: 277

⁴⁹⁶ UNCTAD, 1964b:102

⁴⁹⁷ UNCTAD, 1964b; 102

Subsequently, at the first session of the Preparatory Committee, in New York, and at the second session of the same Committee, here in Geneva, the Brazilian delegation joined the delegations of other developing countries in setting up a comprehensive agenda for our discussions and in identifying, as clearly as they could, the problems related to trade and development.⁴⁹⁸

This discussion with other countries was facilitated by the previous work of Raul Prebisch. As the Secretary-General of the UNCTAD, he visited the UN Economic Commissions in Europe, in Africa, and in Asia and Pacific in order to find similarities and differences in international trade problems and to prepare arguments for bargaining in the conference: 'In preparing the report, the Secretary-General of the Conference was also fortunate in being able to consult the Executive Secretaries of the four regional economic commissions who spared no effort in providing him with suggestions for which he is most grateful'.⁴⁹⁹ The representative of Peru, Edgardo Seoane, Vice-President of Peru noted the role played by the integration of Latin America in this process, at the tenth plenary meeting, held on 30 March 1964 at the UNCTAD I:

The problems common to all under-developed countries of the world must be duly appraised. The differences are not fundamental and are related to varying degrees and gradations of poverty determined by local conditions. The reasons for the unity of the Latin American group constitute also the basis to a certain extent of the unity of the Afro-Asian group of countries, and therefore it should be possible to take co-ordinated action, in order to render it more effective, for the achievement of common prosperity.⁵⁰⁰

Given the preparatory meetings, the Latin American countries were willing to cooperate with other developing countries, as confirmed by the representative of Chile, Ambassador Carlos Martinez Sotomayor, at the sixteenth plenary meeting, held on 2 April 1964 at the UNCTAD I:

One of the most salient facts in this historic meeting is the unity of the developing world. From our part, we want to declare our intention of strengthening this unity, and in order

⁴⁹⁸ UNCTAD, 1964a:117

⁴⁹⁹ UNCTAD, 1964b

⁵⁰⁰ UNCTAD, 1964b: 310

to do so, we are prepared to maintain and build up further the dialogue with Africa and Asia.⁵⁰¹

Likewise the representative of Uruguay, Donato Grieco, Under-Secretary of State in the Department of Finance, at the fourteenth plenary meeting, held on 1 April 1964 at the UNCTAD I:

With regard to regional groupings, my delegation unreservedly supports all moves towards integration on the part of the developing countries, as a sound and sure means of advancing and strengthening economies which, in the face of the existing difficulties, would be unable to overcome in isolation the complex problems that stunt and retard their all-round growth.⁵⁰²

The representative of Venezuela, Manuel R. Egana, Minister for Development, at the ninth plenary meeting, held on 30 March 1964 at the UNCTAD I, had said these words:

The Geneva Declaration, subsequently reaffirmed by the General Assembly of the United Nations, and the Cairo Declaration define the purposes of this Conference. We believe it is essential to keep their contents in our minds when we are studying the items on our agenda, since the latter are similar to the points made in both Declarations.⁵⁰³

The representative of Mexico, Raúl Salinas Lozano, Secretary of Industry and Commerce, at the thirteenth plenary meeting, held on 1 April 1964 at the UNCTAD I added his thoughts:

No doubt the African and Asian countries and Yugoslavia have progressed as far as, or even further than we Latin Americans in the understanding and identification of their problems, which, when all is said and done, are the same as ours. We are prepared jointly with them to put forward our just claims to the industrialized countries.⁵⁰⁴

And the representative of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, Carlos Enrique Peralta Mendez, Minister of Economy of Guatemala, at the sixth plenary meeting, held on 25 March 1964 at the UNCTAD I gave his view:

⁵⁰¹ UNCTAD, 1964b: 145

⁵⁰² UNCTAD, 1964b:404

⁵⁰³ UNCTAD, 1964b:406

⁵⁰⁴ UNCTAD, 1964b:288

We likewise express our sympathy for the aspirations and strivings of that important sector of the developing world which is represented by the group of Afro-Asiatic countries. Central America will be speaking in the various Committees, as on this occasion, with one voice, and all our delegations have been instructed to act together during the discussions of the Conference in a spirit of solidarity with and support for all developing countries.⁵⁰⁵

The conformation of groups of industrialised countries such the European economic group as well as the group of socialist countries, were attributed unreserved responsibility for international trade problems by the developing countries. In general, the developing countries sought to reduce or eliminate adverse effects produced by economic groupings of industrialised countries and to promote integration among the developing countries. In the words of the representative of Peru, Edgardo Seoane, Vice-President, at the tenth plenary meeting, held on 30 March 1964 at the UNCTAD I:

The industrialized countries of the West have created the European Common Market and the European Free Trade Association. The communist countries are, in fact, with very few exceptions, associated. The poor and developing countries of Latin America have decided to build up the trade between them and to arrange for joint action in their relations with the developed countries. We should like to extend this joint action to countries in a similar position on other continents.⁵⁰⁶

The idea of the new order was introduced by Prebisch in the documentation for the conference. It was previously presented in the Alta Gracia Charter, in which was requested a 'new structure of the global trade'. At the conference, the term "New Economic order" was used for the first time by Carlos Martinez Sotomayor, Ambassador, Chairman of the Chilean Delegation at the sixteenth plenary meeting, held on 2 April 1964 at the UNCTAD I:

Let it be clearly understood that we did not come here with the intention of requesting industrialized countries to assume the full responsibility for remedying the existing imbalance; nor are the developing countries trying to make out that the new economic order they demand should be a substitute for their own effort, which must always be the main element in their progress. [...] Regarding the measures which must be considered in

⁵⁰⁵ UNCTAD, 1964b:161

⁵⁰⁶ UNCTAD, 1964b:310

order to achieve the new economic order which we are demanding, the delegation of Chile considers it necessary to reaffirm its adherence to the principles, conclusions and recommendations set forth in the Charter of Alta Gracia.⁵⁰⁷

The New International division of labour, which became later the New Economic Order, was focused on improving terms of trade for developing countries through the facilitation of industrialised exports from developing countries. This initiative meant shifting from the division of labour based on the exchange of primary goods for manufacture, into a new one, in which processes of industrialisation and the improvement of agriculture in developing countries would be promoted.⁵⁰⁸ The final objective of this change in the international order was to improve conditions of trade, constituting a new management of natural resources and new developmental policies. According to Prebisch, 'it is imperative to build a New Order to solve the serious problems of trade and development that beset the world, especially the problems that affect the developing countries'.⁵⁰⁹

⁵⁰⁷ UNCTAD 1964b:146

⁵⁰⁸ UNCTAD, 1964b

⁵⁰⁹ UNCTAD, 1964b:5

CHAPTER FOUR

Analysis

4.1 Questioning the acceptability of an unfair trade

The archaeological approach to Latin America in the G77

As was said in the methodological chapter, the archaeology as method seeks to explore the elements that give acceptability to the system studied. In this case, the system is the Latin American participation in the G77 at the UNCTAD I. This chapter shows that international interest to promote the idea of underdevelopment is related to the acceptability of international unfairness denounced by the G77. Latin American countries took part in the G77 to support the truth related to this unfairness.

According to the “official history”, it can be said that Latin American countries joined the G77 to denounce the unfair international economic structure that started with the implementation of GATT by developed countries.⁵¹⁰ Indeed, the failure of the ITO, the imposition of GATT, the establishment of the European common market, and, generally speaking, the indifference of developed countries about the deterioration of terms of trade of Latin American exports, are the historical evidence (*a priori*) that supports acceptance of discourses about unfairness of the economic system supported by Latin America in the G77 at the UNCTAD I.

According to the discourse of inequality, developed countries had no interest in solving the Latin American problem of low industrialisation and underdevelopment; they did not show any intention of changing their practices in commodity trading. Industrialised countries did not wish to recognise their responsibility for the destructive results of the international scheme in this matter, and the multilateral structure was not able to force developed countries to respect commercial agreements. GATT was not able to promote the economic development of underdevelopment states. Given the weakness of developing countries in negotiations, the Latin American involvement in the G77 at the UNCTAD I became the only way to address the situation.

The history behind the unfairness that leads to international acceptance of the fact that Latin American governments take part in the G77, as a diplomatic practice, is so

⁵¹⁰ See: Narlikar and Tussie, 2004; Narlikar, 2006; Singh, 2006; Odell, 2006

consistent that it is not questioned. Since its beginning, Latin American countries participated in the G77 to denounce the international structure that is harming development and this participation was sustained by the knowledge produced by the ECLA.

Clearly, given that Latin America is a raw material producer, the inequality of the economic system is adequate to sustain discourses claiming national economic interests in trade negotiations. Nevertheless, other situations related to the involvement of Latin American countries in the G77 are not completely explained by the history of unfairness. For example, Latin American coalescence at the UN is a practice commonly used in issues related to trade and natural resources, but in negotiations such as health, education, and labour, coalescence is not put into practice. In this regard, it is also important to mention that, despite criticism by Latin American countries towards GATT, no coalitions were established in its negotiations.⁵¹¹ Hence, the discourse is linked to the UN negotiations.

Likewise, participation in the G77 is used mainly at UN summits, in which the most states are represented. Certainly, Latin America sought to make clear to all in the international community that the unfairness of the international economic system affects its development, its commodity trade and its economic growth, as well as the recognition that developed countries are the primary responsible parties. Then new questions appear; for example, has the international structure of power needed a declaration of inequality? How was this structure related to the production of knowledge about commodity trade? Was this structure related to neoliberalism?

These facts show the need to explore more deeply the acceptability of unfairness as the explanation of Latin American participation in the G77. To be precise, I am not suggesting that unfairness and the proposal of the ECLA about GATT effects on the terms of trade of commodities did not trigger, in some way, the decision by Latin American countries to take part in the G77. It is clear that the ECLA studies of the deterioration in

⁵¹¹ Narlikar, 2006

terms of trade of raw materials and the impoverishment of Latin American countries were an important source of the evidence for this decision.⁵¹²

Here, it is questioned why the international commodity trade problem triggered by GATT's inception turned into a discourse about unfairness that should be addressed through the G77 in specific negotiations at the UN. Surely, there is a political action influencing Latin American involvement in coalitions, and that is being exercised in a structure of power at international level, in which, at least, knowledge about trade, development and natural resources is important. It is clear that regarding the practice of joining the G77, the Latin American government has defined a framework in which participation is pertinent.

Consequently, a “domain for participation in the G77” could be established. In this domain, Latin America used the knowledge from the ECLA and claimed improved terms of commodities trade at the UN. In this context, we can ask why the unequal economic system became an issue to be addressed by Latin American governments through the G77. Why the acceptance of the unfairness denounced by Latin American countries through the G77 was necessary in the international community? Why participation in the G77 is more significant for some negotiations at the UN, such as trade? Is this practice related to neoliberalism?

It seems clear that the participation of Latin American governments in the G77 belongs to a more complex system. This system could be linked to the exercise of governmental power interested in natural resources and development, and which could still be in operation. In terms of the eventualisation, it is not evident that the only unfairness is the Latin American motivation to take part in the G77. This study seeks to question the ostensible cause of unfairness as the system that gives acceptance of the Latin America in the G77.

Likewise, this system presented a component of knowledge that supported the power around the Latin Americans in the G77 at the UNCTAD I, and this knowledge was the “economy of development” worked initially by the ECLA. The economy of development was the knowledge oriented to show each aspect of the unfairness lived by

⁵¹² Toye, 2014

the region due to the international structure of trade (Prebisch, 1950). Indeed, the ECLA studies addressed the roots of unfair trade largely ruled by developed countries through GATT. The ECLA focused on showing that each aspect of inequality and economic abuse over the Latin American region was caused by the international trade conditions imposed by GATT.

The ECLA mainly aimed to show that international trade affected the development of Latin American countries deeply.⁵¹³ In this context, at the beginning of multilateral institutions, and in a condition of underdeveloped economies, the ECLA claimed that economic growth in Latin America as a developing country depended on multilateral agreements, and argued that the terms of trade of raw materials was the dynamic factor of its economies.⁵¹⁴ This discourse was taken by Latin American countries and deployed in UN conferences, firstly unilaterally and then through the G77. For example, the issue of the relevance of international trade for developing countries arose in the London Conference in 1946, a preparatory meeting of the Habana Conference. This idea was summarised in an intervention by the Chilean representative in the London Conference:

Chile is one of the countries whose economic stability depends fundamentally on its foreign commerce [...] It forms part [...] of one economic group, in which are included to a greater or lesser degree all the Latin-American nations and other countries of similar economic development.

The factor which most influences the conditions of these countries is their exports. They provide the means of payment for and determine the volume of imports; they place these Republics in a position to meet their foreign financial commitments and service State and private loans; they furnish a considerable part of Government and private revenue, and, finally, constitute the most important factor in the monetary stability of those nations.

The exports of these countries, which consist principally of raw materials and semi-manufactured products, are thus the dynamic factor in their economy, and their value

⁵¹³ UN CEPAL, 1951

⁵¹⁴ Prebisch, 1950

greatly influences the internal conditions of the nations concerned and is mainly responsible for a state of national prosperity or depression.⁵¹⁵

Here, the Latin American interest remarks the relationship between international trade conditions and its economic development, but also remarks the differences among industrialised countries and those non-industrialised. In this context, in the ITO negotiations it was possible to observe that discourses about multilateral unfairness were linked to claims of special measures in international trade to achieve better conditions for raw materials trade because Latin American countries were underdeveloped. The fact of underdevelopment is an important part of the declaration related to the unfair economic system made by Latin America through the G77. The Brazilian representative at the London Conference summarised this difference in 1946:

International trade means more than just one aim. It has not just the aim of increasing indefinitely the production of goods, it has also the aim of augmenting the welfare of peoples by means of correcting and levelling economic inequalities. International trade has the duty and the task of contributing to the diminution of different levels among nations - nations not equally endowed by nature and differing in historical fact. Brazil agrees that an increase in the volume of international exchange is most desirable. This could be arrived at by two means, One, the reduction and possibly the elimination of trade barriers, or secondly, an increase of the buying capacities of the peoples. These two procedures have as their aim the same result. One is negative and the other positive. We are convinced that the positive measure will bring to world trade a greater increase than the negative measures would bring to it. As it is a dynamic measure, it can create new consumers. Based on this condition, Brazil intends to support any measures which may be adopted to bring about greater industrialization of the countries which are at present less developed.⁵¹⁶

According to the Brazilian intervention, the needs of industrialisation were not taken into account in the establishment of multilateral institutions. Thus, discourses about multilateral unfairness arose as a way of supporting discourses about the lack of concern of industrialised states about development - understood as the industrialisation of states which were producers of raw materials - which also reinforces the distinction among

⁵¹⁵ UN ECOSOC 1946: 22

⁵¹⁶ UN ECOSOC 1946: 13

industrialised and non-industrialised states. In the Habana Conference, Latin American states established clearly this situation in a joint declaration:

...there remain undecided questions of the greatest importance regarding problems on whose equitable solution depends the establishment in the Charter of the desired equilibrium between the industrialized countries and those others that aspire to the increasing development of their resources in order to realize the guiding principles of economic co-operation contained in the United Nations Charter. We believe that the desire expressed by our delegations that formulas should be found to permit the diversification of our sources of production and the development of our industries has not been adequately met, and this explains the differences in views that are still outstanding regarding the provisions of the Draft Charter, and which we consider to be of fundamental importance.⁵¹⁷

Then, it seems that the aborting of the ITO, the subsequent implementation of GATT, general changes of international trade conditions, and the distinction of states according to their level of industrialisation - or, in other words, their capacity to produce natural resources - belongs to the same mechanism. This is a mechanism that seeks the international availability of raw materials over discourses of the equity of conditions of trade. Indeed, the purpose of GATT has been the 'substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis'.⁵¹⁸

However, this 'reciprocal basis', allowing neither tariff concessions nor any special concessions to countries mostly dependent on the export of natural resources, puts greater pressure on raw materials production due to the need of reciprocity, which, in turn, provoked the deterioration of terms of trade of raw materials produced by Latin America. The situation caused by GATT also provoked the Latin American government to change its internal practices to increase its export of raw materials, to compete in international markets and achieve development.

The Alta Gracia Charter recognised a need for change to make efficient the exploitation of natural resources at a national level.⁵¹⁹ But it also claimed that those

⁵¹⁷ UNCTAE 1948: 1

⁵¹⁸ GATT, 1947:2

⁵¹⁹ La Carta de Alta Gracia, 1964

responsible for Latin American impoverishment are the industrialised countries. Hence, developed countries were being requested to rectify the international system's defects, and to help those "developing countries":

It is therefore the primary responsibility of the industrialized countries which benefit from the system in force, to correct the defects and contradictions inherent thereto, contributing to change the existing trade structure, thereby permitting a more equitable distribution of wealth. [...] It is the responsibility of the developing countries adversely affected by the system in force to promote the organization of trade in accordance with the principle and norms set forth hereunder and at the same time, to reform their economic and social structures in order to make fuller and more efficient use of their human and material resources.⁵²⁰

Therefore, the Latin American practice of taking part in the G77 to denounce the multilateral unfairness is linked to the challenge of Latin American countries to achieve development in unjust international trade controlled by developed countries.

At the same time, the Latin American initiative of revealing multilateral unfairness through discourses of coalitions such as the G77 in multilateral conferences at the UN, is without doubt the expression of a new political "region" in international negotiations. By negotiations through coalitions, Latin America has not only defined a "region of the G77 participation" at UN international conferences, such as on the unfairness in trade; rather, by its participation in the G77 at the UNCTAD I, Latin America, through the ECLA's knowledge, declared and promoted the connection between two important discourses: the discourse about multilateral unfairness and the discourse about the "reality" lived in a developing country, which is different to a developed one.

Then, was Latin American participation in the G77 to tackle the first UNCTAD only intended to claim justice in the multilateral system? No, it seems that Latin America, by involvement with the G77, is being built an artefact to produce more and more discourses about the differences between underdevelopment and development.

⁵²⁰ UNCTAD I, 1964c:57

Apart from the denouncing the unjust economic system, the Latin American governments in the G77 began a discourse about the need for clear differentiation between underdevelopment and development, as well as definitions of their role in the international community. Indeed, the orientation to raw materials reinforced differences among industrialised and non-industrialised countries. The relationship between international trade conditions and raw materials availability is closely linked. Consequently, the relevance of raw materials in international trade boosted international interest in practices taken by commodities exporters, also called “countries in development”.

The discourse against the economic system seems useful to sustain the global drive to achieve necessary development, and consequently of “improving” the exploitation of raw materials by the international community. This idea of underdevelopment implies a reinforcement of the classification and characterisation of the underdeveloped country, and this has been in hands of the UN and its regional commissions such as the ECLA.

Discussion of underdevelopment and its scope is not only promoted by Latin America through the G77. It is a practice with structure and organisation through multilateral institutions, in need of procedures of management, and which is taking part in international power relations, so it should be considered by analytical perspectives. Therefore, through the G77 at the UN conferences Latin American countries also support the political and technical incitement to talk about underdevelopment and the breach of development.

The exploitation of natural resources and the international trade restoration after the world wars and consequent outbreak of the Cold War led to a greater US need of raw materials, which became relevant for further understanding of this practice and its relation with the idea of underdevelopment. Indeed, with the economic crisis of the 1930s and the outbreak of the Second World War, the international community agreed to take actions to restore international trade; the actions agreed implied the establishment of the UN and Bretton Woods institutions, forming the multilateral system.⁵²¹ Given that restoration of international trade meant the restoration of European industry, highly affected by war

⁵²¹ Helleiner, 2006

and the economic crisis, the international availability of raw materials, itself a significant source of industrialisation, would become all the more vital for the international community. The exploitation of raw materials was the issue to be managed by multilateral institutions, with consequences to their owners, the underdeveloped state.

From the Foucauldian perspective, it is possible to say that this interest in natural resources, starting with the independence process, was influenced by liberalism and its ideas of mutual enrichment. Empirically, thinking about mutual enrichment in Europe was based on the development of industrialisation and commerce. This process of industrialisation was supported by raw materials provided by colonies, which were understood as always available.

Particularly, the emergence of political economy in the liberal rationality raised the idea that the enrichment of the European state did not depend on the accumulation of gold, but rather in the ability of the state to create new markets in peaceful contexts. The perpetual peace enabled by the Concert of Europe would allow a continuous trade with the rest of the world.⁵²² In this context, the establishment of the Concert of Europe in a liberal rationality produced a variation in the counterbalance of the state. In contrast to the *Raison d'État*, in liberalism the peace is no longer oriented to limit the forces of countries, but rather it should ensure the continuous exchange of goods in international trade, goods such as raw materials, through the perpetual peace. Consequently, in liberalism a particular international structure is needed to keep this, as Foucault states:

From the eighteenth century, the idea of perpetual peace and the idea of international organization are, I think, articulated completely differently. It is no longer so much the limitation of internal forces that is called upon to guarantee and found a perpetual peace, but rather the unlimited nature of the external market. The larger the external market, the fewer its borders and limits, the more you will have a guarantee of perpetual peace.⁵²³

In this context, liberal empires from Europe had unlimited access to raw materials because these came from their colonies. Because of the nineteenth century independence process in America, firstly in the US, empires in the twentieth century gradually lost their direct control of raw material production, provoking the start of the process by which

⁵²² Polanyi, 1944:7

⁵²³ Foucault 2008:134

developing countries became dependent economies to manage industrialisation. Since developing countries such as in Latin America are independent they are entitled to decide how to administrate their resources. However, these countries are young, and they still have a long way to go to achieve development. Consequently, neither they themselves nor the international community can trust in their performance and practices to ensure availability of raw materials.

The lack of skills in Latin America to efficiently produce raw materials has triggered their interest in improving the mechanisms to exploit natural resources, and to ask for help in issues related to poverty, inflation, population, statistics, industrialisation and planning, among others. Thus, to solve this lack of skills, in Latin America the need of knowledge about underdevelopment has become important. This task would be in the hands of the ECLA, the institution that produces statistics for the region; but, statistics that must be evaluated, monitored and “approved” by the international community.

With this idea it is possible to address historic-political questions. The discourse of multilateral unfairness that Latin America address through coalitions has operated unchallenged, and is in fact part of the same historical network that promotes the multilateral structure. The G77 is related to commodity trade in an international mechanism that also establishes multilateral institutions. Likewise, it is possible to affirm that there is a historical rupture at the beginning of Latin American participation in coalitions formed by developing states, the emergence of underdevelopment and the idea of the developing country. So, it remains to answer, is this rupture linked to neoliberalism?

Finally, it is proper to say that for Latin Americans in the G77 at the UNCTAD I, it is less a matter of discourse about unfairness than of multiplicity of discourses about underdevelopment produced by a range of mechanisms operating in different multilateral institutions. So, rather than asking for the reasons of multilateral injustice as an explanation for Latin American participation in coalitions, the question that guides this study will be: what is the nexus of power-knowledge regarding underdevelopment behind this Latin American coalescence that combines natural resources, industrialisation, and

trade? With this it will be possible to establish the problematisation that leads to coalitions and the relation of this with neoliberal rationality.

4.2 The Police of Development, the nexus Power/knowledge

This chapter continues the archaeological part of the study and introduces some elements of the genealogy. Indeed, the chapter integrates the historical context linked to the emergence of the Latin American state and how this process determined the idea of a non-industrialised state that gives life to discourses about underdevelopment.

Likewise, elements of knowledge of a political economy of underdevelopment that arose in Latin America have been used as a mechanism of power in the international community. This power is called here “police of development”. This “police” that support the idea that the underdeveloped state is something different to the developed one, is a mechanism of surveillance that gave acceptability to the Latin American decision to join the G77.

The Latin American discourse at UN negotiations that seeks to enhance commodity trade conditions, and, generally to achieve the desired development in the face of unfair international economic structures, cannot be set aside if we are to understand Latin American participation in the G77 at the first UNCTAD. After all, was it not control of commodities prices and restriction of imports of semi-finished products by the centre that triggered reaction by the periphery? Were the differences between industrialised and non-industrialised governments not what defined the establishment of the G77?

It seems that the Latin American participation in the G77 at the UNCTAD I is associated with a mechanism that exercises influence over the international trade of commodities. Likewise, this mechanism, linking diplomatic practices and trade and which started with the inception of multilateral institutions, was related to the establishment of a new kind of government, the developing country one. This new kind of government was reinforced by the production of knowledge about underdevelopment in Latin America.

To introduce the police of development, it is important to deepen understanding of the relationship between markets and the (neo)liberal rationality of government, and

how this produces a difference among states. Thus, it is relevant to understand the mechanism behind the Latin American interest to improve the terms of trade conditions of natural resources and to understand the developing country and the production of knowledge about it.

According to Foucault⁵²⁴ and as was explained in chapters above, governmental practices related to interaction with other states (such as diplomatic practices) are guided by market mechanisms. Particularly, in the nineteenth century, when multilateral structure did not exist as it is known nowadays, liberalism was the rationality of government and the legitimacy of the state was provided by the mechanism of prices.⁵²⁵

This price mechanism that determines the ‘natural truth’ for liberal government, was the ‘nature of government’.⁵²⁶ Thus, from a liberal perspective, practices of government were evaluated according to regimens of true and false, and political economy was the “ratio governmental” that claimed the market nature of the character of the government (its rationality), as well as its object and operations.⁵²⁷ About this issue Foucault argues:

In other words, it is the natural mechanism of the market and the formation of a natural price that enables us to falsify and verify governmental practice when, on the basis of these elements, we examine what government does, the measures it takes, and the rules it imposes [...] Consequently, the market determines that good government is no longer simply government that functions according to justice. The market determines that a good government is no longer quite simply one that is just. The market now means that to be good government, government has to function according to truth.⁵²⁸

The political economy is an integral part of the liberal state, and it determines the governmental truth. Likewise, political economy limited the liberal government domestically. This limit is the Foucauldian reason to call liberalism ‘the Raison d’État auto-limited by the political economy’. In Foucault’s words:

But what does “the self-limitation of governmental reason” mean? What is this new type of rationality in the art of government, this new type of calculation that consists in saying

⁵²⁴ Foucault, 2008:31-44

⁵²⁵ Foucault, 2008:44

⁵²⁶ Foucault, 2008:31

⁵²⁷ Foucault, 2008:32

⁵²⁸ Foucault 2008: 32

and telling government: I accept, wish, plan, and calculate that all this should be left alone? I think that this is broadly what is called “liberalism”.⁵²⁹

This idea of verification by markets is important because it determines that the action of the liberal government, and accordingly its practices, are defined by the mechanism of prices. This as a result of the need of governments to avoid control of states by a “king”. Indeed, the liberal government’s aim is ‘the art of not being governed quite so much’.⁵³⁰

Political economy and liberal ideas are important for Latin America. The Latin American government was born highly influenced by them, hence, their rationality obeyed largely the economic veridiction. In fact, liberal ideas explain Latin American interest in gaining independence from Spain and Portugal and their interest in integrating with international markets.⁵³¹ The verification by markets gives the Latin American state the form to govern and the model of success. In this regard, Foucault argues that the state is:

...precisely a practice, or rather the rationalization of a practice, which places itself between a state presented as given and a state presented as having to be constructed and built. The art of government must therefore fix its rules and rationalize its way of doing things by taking as its objective the bringing into being of what the state should be.⁵³²

However, the liberal rationality was not concerned with particularities of the state producer of natural resources, the scope of the liberal rationality was the industrialised state, such as the European one. In fact, there was no other kind of state in those days.

Specifically, when Latin American territories were colonies, their government was understood to be inside the government of the empire. But in the final period of liberalism, when Latin America got its independence, the rationality was interpreted by the new independent government, a government different to European ones. For example, in the eighteenth century when the independence process started in the Americas, the US achieved its independence in the middle of the industrial revolution.

⁵²⁹ Foucault 2008:20

⁵³⁰ Foucault 2008: 12-16/ 23-32

⁵³¹ Pochet, 1995; Costeloe, 1981

⁵³² Foucault 2008:4

Given the global context, this ex-British colony became a new state with a desirable level of industrialisation. Nevertheless, the process of independence of the Spanish and Portugal colonies in America in the nineteenth century resulted in the emergence of a new kind of state, a state with a low level of industrialisation. Indeed, it was this low level of industrialisation, caused by the Spanish and Portuguese imperial policies aimed to control trade and production of raw materials which itself in part triggered its independence process.⁵³³

Notably, during the colonial period, the Spanish and Portuguese empires exercised strong power over their American colonies through the control of trade⁵³⁴. This control implied that Latin American production was mainly based on natural resources, which were exported to Spain and Portugal. Local producers from colonies did not have the option to trade freely with other empires or colonies. The obstruction of free trading, the lack of competition and the control of production prevented regional industry's expansion, and in comparison with Europe, the industrialisation process was barely developed in the Spanish and Portuguese colonies. Latin American producers did not enjoy free markets offered by liberalism. The Liberator Simon Bolivar, in the "Letter of Jamaica" from 1815, summarises the situation of the American territories due to imperial control in times of the independence process:

The role of the inhabitants of the American hemisphere has for centuries been purely passive. Politically they were non-existent. We are still in a position lower than slavery, and therefore it is more difficult for us to rise to the enjoyment of freedom.

Americans today, and perhaps to a greater extent than ever before, who live within the Spanish system occupy a position in society no better than that of serfs destined for labor, or at best they have no more status than that of mere consumers. Yet even this status is surrounded with galling restrictions, such as being forbidden to grow European crops, or to store products which are royal monopolies, or to establish factories of a type the Peninsula itself does not possess. To this add the exclusive trading privileges, even in

⁵³³ Bertola & Ocampo, 2013

⁵³⁴ idem

articles of prime necessity, and the barriers between American provinces, designed to prevent all exchange of trade, traffic, and understanding.⁵³⁵

Ideas of political freedom enacted by liberalism in Europe promoted the independence process in Latin America.⁵³⁶ These liberal ideas with tremendous impact in the region stimulated the Latin American desire to trade freely to improve their social and economic conditions.

The Latin American government arose under the liberal rationality after its independence process, but the industrial backwardness inherited from the colonial period determined its future as a different kind of state. Thus, the Latin American government emerged into the international scene as “another”, a “new” kind of state, a “special” kind of liberal state, one with an underdeveloped industry mainly oriented to producing raw materials.

The Latin American government, aligned with the economic veridiction of liberalism, was born oriented to ‘securing the conditions for optimum economic performance’.⁵³⁷ Its aim was to be a successful government by achieving economic growth through free trade. In its beginning, Latin America was oriented to get free trade of its commodities in international markets. This reasoning would be also important subsequently when the Latin American state sought commodity trade protection through the G77 to ensure its economic growth, when this had become the measure of governmental success.

In another perspective, the recognition of independence and the status of a state by other countries was necessary for participation in international trade. When Latin American governments emerged, there was not an international institution such as the UN to facilitate recognition as an independent state. The relevance of this recognition was because the category of state gave the Latin American government the freedom to access international markets independently and in equal conditions.⁵³⁸ The Latin American government should seek by itself recognition of its independence at an international level,

⁵³⁵ Bolivar 1965

⁵³⁶ Pochet, 1995

⁵³⁷ Burchell, 1993:273

⁵³⁸ Costeloe, 1981

and this was only through unilateral negotiations. The US and the UK were the first states to recognise the independence of Latin American states.⁵³⁹ This recognition allowed them to begin trading, but it was not on equal terms, mainly because of their lack of industrialisation and of power in negotiations.

Despite low industrialisation hampering Latin American competitiveness in international trade, and despite it causing differentiation from other states, their economies were not considered in need of transformation into proper industrial states. The Latin American government was born differently from “other states” around the world, and their discourses in negotiations would show this difference. They did not use just “state” to describe themselves, they used other terms such as “new republics”, “new states”, “Americans”, “Spanish-American nations”, among others.

Latin American governments, in an international context guided by political economy, understood that commodity trade was the main way to obtain funds to implement the modernisation expected.⁵⁴⁰ The Latin American government had confidence in liberalism as the base for organising their governments, and they knew that access to trade was determinant in this process.

Latin Americans therefore tried to enhance their trade conditions, and this was done through cooperation mainly with other Latin American countries. For example, in negotiations convened by the Liberator Simon Bolivar around the Amphictyonic Panama Congress in 1825, one of the most important issues deliberated by the American nations was the “laws of nations”. Establishing a ‘Hispanic commercial preference’ among participant nations was thought to strengthen their possibilities in international trade.⁵⁴¹ In this Congress, Bolivar reinforced the invitation to the UK to take part as an integral member of the Confederation, to enhance its trade conditions.⁵⁴²

Latin America considers its governments more inexperienced and younger than the European states in many areas, but they were confident about their abilities, in all cases, of fulfilling requirements to be a “proper industrialised country”. They were clear about

⁵³⁹ Merrill & Paterson, 2009:159

⁵⁴⁰ UN ECLA, 1951b:120

⁵⁴¹ De la Reza, 2010:231-41

⁵⁴² De la Reza, 2013

the abuse suffered at imperial hands. However, they had high expectations and confidence in free trade and liberal precepts. In a fair international trade, the enrichment needed to become an equal to European states was achievable.

In the international understanding, Latin American problems of trade did not have a clear differentiation regarding European states problems. The Latin American need of industrialisation was understood as a way of integration into international markets. Taking the ideas of Foucault, the Latin American interest was to take part in the world's mutual enrichment.

Mutual enrichment as we saw previously is a characteristic of liberalism that has a significant impact on the organisation of international trade. In fact, the overall target of foreign political technologies of European states under the liberal rationality was the promotion of "mutual enrichment", understood as a great collective effort to ensure economic growth of the world, though a world largely composed of European states.⁵⁴³

This mutual enrichment is a field possible, necessary and determinant for the structuration of international trade since it identifies Europe itself as the economic centre of the world.

This mutual enrichment is a fundamental idea of liberalism and subsequently in neoliberalism, in which Europe (or rather industrialised states) as economic subject, understands the world as its stable market, and also as its permanent provider of raw materials. Foucault argues:

In other words, we are invited to a globalization of the market when it is laid down as a principle, and an objective, that the enrichment of Europe must be brought about as a collective and unlimited enrichment, and not through the enrichment of some and the impoverishment of others. The unlimited character of the economic development of Europe, and the consequent existence of a non-zero sum game, entails, of course, that the whole world is summoned around Europe to exchange its own and Europe's products in the European market.⁵⁴⁴

⁵⁴³ Foucault, 2008:54-8

⁵⁴⁴ Foucault 2008:55

Liberal ideas of mutual enrichment were relevant to define the international structure for trade and for Latin American territories. In the liberal mutual enrichment, when Europe identify itself as an economic subject, the rest of the world, such as the independent Latin American state, takes a different status in the international trade; a raw material producer. Indeed, according to the Ricardian precepts, Latin American countries had a role of raw materials producer in the global structure due to their low level of industrialisation. The Latin American government is liberal, but not equal to the liberal European government.

Despite political economy being relevant for the liberal rationality of industrialised states, they did not possess the same understanding of it. Latin America had to choose a model. The liberal international trade proposed by Adam Smith, recognised as the “English system”, was not completely appropriate for the Latin American states because of their low level of industrialisation.⁵⁴⁵ Given that the process of independence experienced by the United States occurred recently in comparison with the European states, and that this country had active industrialisation, its political ideas were more coherent for Latin America. Therefore, Latin American governments sought industrialisation under the “American System”.

Particularly, the “American System” was a system oriented to protect nascent industries, expand the financial system, and strengthen the national infrastructure. This system was based firstly on Alexander Hamilton’s ideas from his book *Report on Manufactures* published in 1791, and later based on Friedrich List’s ideas published in his book called *The national system of political economy* of 1834. The difference between the two systems is summarised in a much-known paragraph of Henry Carey’s book, *The Harmony of Interest*, published in 1841:

Two systems are before the world; the one looks to increasing the proportion of persons and of capital engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with necessarily diminishing return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving to the labourer good wages, and to the

⁵⁴⁵ Gonzalez, 2010

owner of capital goods profits. One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to import men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from the payment of freight. One looks to giving the products of millions of acres of land and of the labour of millions of men for the services of hundreds of thousands of distant men; the other to bringing distant men to consume on the land the products of the land, exchanging day's labour for day's labour. One looks to compelling the farmers and planters of the Union to continue their contributions for the support of the fleets and the armies, the paupers, the nobles, and the sovereigns of Europe; the other to enabling ourselves to apply the same means to the moral and intellectual improvement of the sovereigns of America. One looks to the continuance of that bastard freedom of trade which denies the principle of protection, yet doles it out as revenue duties; the other to extending the area of legitimate free trade by the establishment of perfect protection, followed by the annexation of individuals and communities, and ultimately by the abolition of custom houses. One looks to exporting men to occupy desert tracts, the sovereignty of which is obtained by aid of diplomacy or war; importing men by millions for their occupation. One looks to the centralization of wealth and power in a great commercial city that shall rival the great cities of modern times, which have been and are being supported by aid of contributions which have exhausted every nation subjected to them; the other to concentration, by aid of which a market shall be made upon the land for the products of the land, and the farmer and planter be enriched. One looks to increasing the necessity for commerce; the other to increasing the power to maintain it. One looks to underworking the Hindoo, and sinking the rest of the world to his level; the other to raising the standard of man throughout the world to our level. One looks to pauperism, ignorance, depopulation, and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilization. One looks toward universal war; the other toward universal peace. One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalizing the condition of man throughout the world.⁵⁴⁶

⁵⁴⁶ Carey 1868:228

These differences between the American and the English political economy perspectives show the differences between industrialised states and those that require more industrialisation. This world organisation of industrialised and non-industrialised states that was replicated by neoliberalism and reinforced by the inception of multilateral institutions also defined the needs for knowledge to address industrialisation.

The inception of the IBRD (subsequently the WB), the IMF and GATT due to the (European) need for international trade restoration, caused a fundamental change in relationships among states and issues negotiated. Multilateral institutions raises the idea of an equal treatment of states, as was established in the charter of the UN. Indeed, multilateral institutions are distinguished from other forms of international collaboration by three properties: 'indivisibility, generalised principles of conduct, and diffuses reciprocity'.⁵⁴⁷ This means that treatment accorded to one party must be extended to all sides, and agreement is expected to provide a rough equivalence of benefits over time.⁵⁴⁸ States are equal and should be treated in equality.

Nevertheless, as multilateral institutions first appear, the industrialised state was defined as the pillar on which international system was built. They were the main ones affected by the world wars, and they were the ones who took the decision to restore the economic world. The industrialised state became the model to follow, while the non-industrialised state was addressed by its relevance in the production of raw materials for international trade, in order to solve problems of food production. Thus, though multilateral institutions were established under principles of equality, negotiations were done around needs claimed by industrialised states. The states that were producers of raw materials were not established as different to non-industrialised states in the discussions, except in those about trade.

In negotiations that implied terms of trade of natural resources, such as the ITO one, Latin American countries were not "states" ready to achieve industrialisation through international trade, but rather states called "non-industrialised" or "underdeveloped economies".

⁵⁴⁷ Caporaso, 1992:600

⁵⁴⁸ Eckersley, 2012

With a backwardness regarding industrial development in comparison with Europe and the US, Latin America was considered a region composed of states oriented mainly to producing commodities; these states were called insufficiently developed. Indeed, in negotiations convened by the US and the UK to establish the first multilateral institutions in the Bretton Woods Conference in 1944⁵⁴⁹, states were labelled as “highly industrialised countries” and “raw material producing countries”⁵⁵⁰. The paragraph on the purposes of the International Monetary Fund in the Bretton Woods Conference, below, summarises the clear distinction made among states in trade issues.

No country is completely free from the influence of foreign trade. Raw material producing countries need foreign trade in order to find markets for their output. These countries need the proceeds of the sale of their products abroad for the purpose of buying goods for consumption as well as for the development of their country. Industrial countries usually require foreign trade both for the acquisition of raw materials which they use in manufacturing and for the disposal of their products. There are great differences between countries in the extent to which they depend on foreign trade.⁵⁵¹

At the beginning of negotiations about trade, the idea of developing country emerged. New words like “under development” started to be commonly used in international vocabulary for states such as in Latin America. States oriented to produce raw materials were called “undeveloped”, and states of Latin America that used to be called “raw material producing countries,” began to be called “undeveloped nations,” and “underdeveloped economies.” The industrialised state became the “developed state” and consequently the norm, the guide for those non-industrialised states. According to neoliberal precepts established by Foucault⁵⁵², any evolution to development should be done without compromising international market independence, which would remain untouched. GATT defended this independence.

The industrial backwardness inherited from the colonial period; the decades of unbalanced trade with the US (in which it set the price of commodities);⁵⁵³ the results of

⁵⁴⁹ Gardner, 1956; Gardner, 1985

⁵⁵⁰ UN MAFC, 1948

⁵⁵¹ UN MAFC 1948: 636

⁵⁵² Foucault, 2008

⁵⁵³ UN ECLA, 1951b:118

the wars and the great depression that reduced trade with Europe,⁵⁵⁴ among other situations, produced the Latin American understanding that the conditions of commodities trade would not be enough to achieve industrialisation.⁵⁵⁵ The need for international aid became relevant because international commodity trade in conditions of low industrialisation and free trade imposed by GATT was not sufficient to achieve development. In this international context, Latin America should address the multilateral aid in a strong agreement of developing countries; this was done through the G77.

With the beginning of multilateral institutions there was an encouragement of raw material production in Latin America because of the need for food,⁵⁵⁶ and in parallel, the self-perception about its capacities to achieve wealth and development began to erode. Thus, while the idea of industrialisation began to be strengthened as the only way to achieve economic development, involvement in the G77 at the UNCTAD I to defend its needs in international negotiations was crucial.

The differentiation among states due to new names about development triggered questioning about the roles and problems of underdeveloped states, questioning about how to make complete a state that is not complete. The idea of underdevelopment brings to the states the need to evolve, the need to change, the need to transform this incomplete state into a developed one. The required knowledge to support the road to development came from Latin America, the region composed of non-industrialised states and majoritarian in number at multilateral negotiations.

The changes linked to the multilateral institutions also brought the need of knowledge, and consequently knowledge about the state producer of raw materials. In Latin America, the production of knowledge about the non-industrialised state emerged after the world wars through the establishment of the ECLA.⁵⁵⁷ Better information for negotiations was one of the reason of Latin America promoting its inception. In fact, after conferences that created multilateral institutions, Latin America realised a need for

⁵⁵⁴ UN ECLA, 1951b:150-53

⁵⁵⁵ UN CEPAL, 1963:113-16

⁵⁵⁶ UN CEPAL, 1962:55,56

⁵⁵⁷ Vizcaino et al., 2009:153

a greater strategic capacity to negotiate its interests with external partners, and consequently further knowledge about the region.

Before the ECLA, the economic knowledge used to understand Latin American countries was produced from the perspective of industrialised countries, and so the needs of non-industrialised ones were not integrated into the analysis. Poverty, health problems, natural resource exploitation, were issues not analysed from the perspective of states such as the Latin American ones. The industrial state was the norm, and the centre of all international decisions; industrialisation was the guide for all research about governmental practices.

To solve this lack of economic knowledge about non-industrialised states, the mandate of the ECLA was to produce knowledge in the discipline of economic sciences.⁵⁵⁸ This, with the purpose of supporting global aims related to achieving international economic stability and ‘to promote social progress and better standards of life in larger freedom’,⁵⁵⁹ as stated at the San Francisco Conference in 1945 in which the UN was established. Following the terms of reference of the commission, as adopted by the Economic and Social Council at its sixth session, the ECLA observed:

[...] shall direct its activities especially towards the study and seeking of solutions of problems arising in Latin America from world economic maladjustment and towards other problems connected with the world economy, with a view to the co-operation of the Latin-American countries in the common effort to achieve world-wide recovery and economic stability.⁵⁶⁰

This knowledge was essential for Latin American negotiations.

Given its aim, one of the first tasks of the ECLA requested by the General Assembly was the formulation of an “*Economic Survey of Latin America*”⁵⁶¹. It was intended to achieve a wider knowledge of the region for its economic exploitation. This report was structured according to a previous study made for the European region. In contrast to European initiatives, the Latin American study was not oriented to promote the

⁵⁵⁸ UN ECLA, 1951

⁵⁵⁹ UN, 1945

⁵⁶⁰ UN ECOSOC 1948

⁵⁶¹ ECLAC, 1948

industrialisation of countries, but to determine the capacity of their economies to produce food given global needs. Particularly and according to the “letter of transmittal” of the document, it was:

[...] divided into two main parts: “Trend in Production” and “Other Economic Aspects”. The first present the salient features of industrial and agricultural development; the second discusses the effects of such development on special aspects of the economy - especially foreign trade, the balance of payment and the inflationary process.⁵⁶²

The ECLA produced knowledge on different issues such as Trade Trends and Policies in Latin American Countries;⁵⁶³ Economic and Legal Status of Foreign Investments in Selected Countries of Latin America;⁵⁶⁴ Studies on Agricultural Credit in Central America;⁵⁶⁵ Immigration;⁵⁶⁶ Study of Cyclical Fluctuations, among others.

Established with research purposes in economic matters, the ECLA achieved an excellent performance in its first years.⁵⁶⁷ It defined the base of a political economy oriented to developing countries, focused on delineating their key features and defining their differences from developed countries. And the main conclusion of these studies was of course that raw material exports were not enough to achieve development because commodities products show declining trade relative to industrialised ones.⁵⁶⁸

ECLA success was mainly due to its Executive Director, Raul Prebisch, and his study, *The Economic Development of Latin America and its Main Problems*.⁵⁶⁹ Published in 1949, this study helped Latin America to construct ideas regarding trade, establishing a first proper differentiation among industrialised and non-industrialised countries.

The book clarified that the structure of trade did not take into account the reality of non-industrialised states and hence these states were disadvantaged in the international

⁵⁶² UN ECLA, 1948:15

⁵⁶³ UN CEPAL, 1950a

⁵⁶⁴ UN CEPAL, 1950b

⁵⁶⁵ UN CEPAL, 1950c

⁵⁶⁶ UN CEPAL, 1950d

⁵⁶⁷ During the period of the third and fourth sessions (1950-1).

⁵⁶⁸ It is important to note that in this study the veracity of these discourses about terms of trade is not questioned. Here discourses are taken as statements of truth. For a discussion about the veracity of the deterioration of terms of trade, see Yáñez, C. (2015). *The economies of Latin America: new cliometric data* (No. 17). Routledge. Here, the authors present a twenty-first century analysis of a long-term issue, providing extensive geographical coverage and allowing reinterpretations of the economic backwardness of Latin America and the Caribbean.

⁵⁶⁹ UN ECLA, 1950

trade.⁵⁷⁰ It argues that the scheme based on the comparative advantages of Ricardo was devised for the world in which all states are industrialised, and all could obtain the major benefits of their trade⁵⁷¹. However in the real world non-industrialised states depend on raw materials prices determined by the industrialised states:

A long-term deterioration in terms of trade, such as has been found to obtain for primary producers over a long period, may be an effect of differences in the rate of increase in productivity in the production of primary commodities and manufactured articles, respectively. If we can assume that the deteriorating terms of trade for underdeveloped countries reflect a more rapid increase of productivity in primary commodities than of manufactured goods, the effect of worsened terms of trade would, of course, be less serious. It would merely mean that, to the extent that primary commodities are being exported, the effects of increased productivity are being passed on to the buyers of primary articles in the more industrialized countries. Although statistical data on differential rates of increase in productivity of primary production in under-developed countries, and production of manufactured articles in industrialized countries, are almost entirely lacking, this explanation of the long-term changes in terms of trade which were observed in this study may be dismissed. There is little doubt that productivity increased faster in the industrialized countries than primary production in under-developed countries. This is evidenced by the more rapid rise in standards of living in industrialized countries during the long period covered, from 1870 to the present day. Hence, the changes observed in terms of trade do not mean that increased productivity in primary production was passed on to industrialized countries; on the contrary, they mean that the under-developed countries maintained, in the prices which they paid for their imported manufactures relative to those which they obtained for their own primary products, a rising standard of living in the industrialized countries, without receiving, in the price of their own products, a corresponding equivalent contribution towards their own standards of living.⁵⁷²

The ECLA explained from an economic perspective differences among industrialised and non-industrialised states with the aim of promoting industrialisation. With the publication of *The economic development of Latin America and its main problems*, the ECLA reinforced that developing countries must follow a different pattern of

⁵⁷⁰ UN ECLAC, 1950:3

⁵⁷¹ *ibid*

⁵⁷² UN 1949: 11

development than those followed by developed states in the past to achieve development.⁵⁷³

The ECLA success, sustained by the UNGA, promoted an adequate environment for the development of a political economy for developing countries.⁵⁷⁴ This meant that Latin America should have a different behaviour in its economic trajectory from the industrialised states from Europe and the US, which is not known *a priori*.

According to the ECLA, the structure of international trade based on the theory of comparative advantage was the main thing responsible of the difficulties of Latin America to achieve economic growth despite its increased raw material exports after the world wars.⁵⁷⁵ Prebisch explained that during the world wars Latin America, like other producers of natural resources, had a period of economic prosperity because of the increase of its exports and terms of interchange of commodities.⁵⁷⁶ This is clarified in the following table that shows the population, export and capacity to import of Latin America in the period between 1935 and 1949.

Population, export and capacity to import of Latin America 1935 - 1949.								
Percentages of variations over the annual average of 1925 (29)								
		Index of physical volumes of exports		Index of price		Terms of interchange	Index of the capacity to export	
Year	Population	Total	Per capita	Export	Import		Total	Per capita
1930-34	8,5 millions	-8,8	-15,8	-44,3	-26,7	-24,3	-31,3	-36,6
1935-39	18,6 millions	-2,4	-17,5	-30,5	-22,1	-10,8	-12,9	-26,3
1940-44	30,8 millions	7,9	-29,5	-11,1	11,1	-20,3	-26,7	-44,9
1945 -49	44,3 millions	16,6	-19,1	49,0	49,0	4,4	22,1	-15,6
1949	49,6 millions	15,3	-22,9	57,4	57,4	11,3	27,1	-14,9

Source: UN CEPAL, 1950:20

This prosperity, linked to the shortage of raw materials in industrial centres, produced the impression that an increase in commodity production and export in

⁵⁷³ UN ECLA, 1950

⁵⁷⁴ UN, 1950:504

⁵⁷⁵ UN ECLA, 1950

⁵⁷⁶ UN CEPAL, 1951:48-65

international trade would improve local economic conditions. However, the increase of exports at the end of the Second World War did not become an increase in economic growth, but rather an increase in inflation in many states of the region.⁵⁷⁷ The export price of raw materials declined mainly because of the Great Depression and the implementation of commercial restrictions by the industrial centre.

The ECLA, through an evaluation of the Latin American economic situation, stated that the international division of labour put limits on regional economic growth based on natural resources which consigns Latin America to the “periphery” of the industrial world.⁵⁷⁸ In his document, Prebisch⁵⁷⁹ states that ‘in this scheme [of an international division of labour] the specific task that fell to Latin America, as part of the periphery of the world economic system, was that of producer of food and raw materials for the great industrial centres’. The ECLA studies pointed out that Latin American economic problems were caused by a change in international trade rules, which impeded the Latin American region, solidifying its role as raw materials producer.

The Latin American development and the consequent industrialisation would therefore only be possible through the improvement of terms of trade of natural resources and/or international aids. This idea was opposed to the mainstream about the development produced in industrialised countries, which emphasised that development depends mainly on states’ internal economic performance.⁵⁸⁰ From a practical perspective and in contrast with the thinking about development, the ECLA encouraged industrialisation in order to achieve development as well as as an efficient exploitation of natural resources in economic terms.

The “estructuralismo cepalino”, as the ECLA thinking was called in Spanish, claims that the international system characterised by a division of labour showed a global stratification. This stratification placed nations according to their stage of industrialisation in top, middle or bottom categories.⁵⁸¹ Nations can move up or down the hierarchy, but only a few manage to move up. The structure largely remains unchanged. In this

⁵⁷⁷ UN, 1949

⁵⁷⁸ UN ECLA, 1950

⁵⁷⁹ UN ECLA, 1950:1

⁵⁸⁰ Gurley & Shaw, 1967

⁵⁸¹ Titelman, 2002

stratification, Latin America is placed by itself on the periphery of trade, setting its position in a structure of economic power. These ideas of stratification were deployed internationally through the UN and shared by all non-industrialised states in the G77.

The ECLA work received strong support from international institutions. The ECOSOC and the UNGA stated the relevance of the ECLA's studies and promoted the enlargement of its functions. In fact, the UNGA agreed that 'the Commission was a useful and indispensable instrument for the solution of the economic problems of Latin America; and that it should not only be continued indefinitely but also expanded and strengthened'.⁵⁸²

Recognition of the ECLA by the international community was a big step in the promotion of knowledge about underdevelopment. Thus, in 1951 the UNGA recognised that the commission made its most significant contribution in the fields of economic development, international trade and current economic trends. Studies in economic development, especially the report on *Practical and Theoretical Problems of Economic Development*, and those in the field of international trade have already demonstrated their usefulness to Latin American governments in the formulation of policies and practical decisions.⁵⁸³

From the Foucauldian perspective, it is possible to say that the international community's interest in the enlargement of the ECLA functions and the production of knowledge about natural resources produced in Latin America put the institution in a position of power. Indeed, the institution's success in its first period of life gives it the status of a producer of authorised knowledge, using the terms of Foucault. From this point, the ECLA became an institution that creates truth, and which is also in a position of authority, because this is a UN organisation.

In this context, the recognition of the ECLA as a producer of knowledge transforms it into an institution able to execute surveillance, mainly over natural resources and development. With its international recognition its purposes changed and it was "authorised" to make recommendations to Latin American governments. The

⁵⁸² UN ECLA, 1951

⁵⁸³ UNGA, 1952:18

commission was said to have ‘made substantial progress toward this objective since its work has now reached the stage where the Commission can assume the practical and highly useful role in making recommendations to Member governments’.⁵⁸⁴

In the same process and given the lack of economists in the region, the ECLA started to give academic information. The choice was made therefore to transform the ECLA into a platform of economic training: it was ‘decided to establish the ECLA Centre for Economic Development, in cooperation with the United Nations Technical Assistance Administration. This would train Latin American economists and arrange for special seminars in the various fields of economic development.’⁵⁸⁵

Thus, considerations from the ECLA, and subsequently from the UNCTAD, allowed Latin America to determine the issues that should be solved by the multilateral system to promote economic development. These problems determined specific areas in which the global structure should attempt improvement, such as issues around raw material production. Using Foucault’s words,⁵⁸⁶ this means that for the multilateral system, problems of developing countries became centres of power, and the international community was charged with solving them.

The way to address these problems was through an operation of power that is called here “the police of development”. In Foucauldian terms, with the need for economic growth development became an issue of the “police”. Here “police” is used in Foucault’s sense, which means: ‘not the repression of disorder, but an ordered maximisation of collectives and individual forces’.⁵⁸⁷

It seeks to “normalise” the path to development in order to fulfil international requirements specifically related to developing countries’ production of raw materials. To achieve this aim, the police of development produce knowledge, and create truth about the kind of state called “developing country”. This developing country, that is different to the developed country, is evolving, so its evolution needs to be monitored. The police of

⁵⁸⁴ UN ECLA, 1951:1-4

⁵⁸⁵ UN ECLA, 1955:4

⁵⁸⁶ Foucault, 1979: 138-43

⁵⁸⁷ Foucault, 1979:25

development promote the surveillance of the development path via international institutions.

This police of development is the way in which the international community executes power over raw materials producing countries. The police of development were nourished by the liberal rationality that gave birth to Latin American government.⁵⁸⁸

A good example of this police of development is the discussion about the “multilateral compensation of international payments”. In 1948 at the ECOSOC negotiations, and due to a Peruvian suggestion based on the proposals of Brazil and Chile, the topic of “multilateral compensation of international payments” among Latin American countries and the rest of the world was introduced.⁵⁸⁹ To evaluate the feasibility of this idea, the ECOSOC requested the International Monetary Fund (IMF) to undertake a study on transitional measures for the implementation of the initiative.⁵⁹⁰ The study of the IMF concluded that the application of multilateral compensation of international payments would not be effective to increase the volume of trade; despite that it could improve it.⁵⁹¹ The IMF study resulted in the cancellation of “multilateral compensation of international payments” in Latin America. The reason argued for the cancellation was that Latin American economies exhibit internal and external problems related to their economic expansion and suffer economic vulnerability due to a different rate of growth of their national income and their population.⁵⁹²

The failure of this initiative also implicitly underlined IMF recommendations about the need for better understanding of Latin America’s foreign trade.⁵⁹³ Hence, it was agreed that the ECLA would increase its cooperation and coordination with specialised agencies.⁵⁹⁴ The results of these studies would be analysed by a governmental expert committee from Latin America. The new studies concluded that foreign trade problems were being caused by the change of patterns of exportation and importation from Europe and the United States. Indeed, before the war, Latin America enjoyed good trade with

⁵⁸⁸ See: Breña & Breña, 2006

⁵⁸⁹ UN ECOSOC, 1948:31

⁵⁹⁰ UN ECOSOC, 1948:541-2

⁵⁹¹ UN ECOSOC, 1950:39,40

⁵⁹² UN ECLA, 1950:46

⁵⁹³ UN ECLA, 1948

⁵⁹⁴ UN ECLA, 1951b:47

Europe that decreased afterwards; in contrast, trade with the US rose, but because of the lack of US dollars, many governments in Latin America were unable to pay their debt balances from the US with their credit balances from Europe.⁵⁹⁵ Particularly:

The problem of restoring trade between Latin America and Europe is complicated by the fact that there have been structural changes in the trade between the two areas. On the one hand, Europe has become more dependent upon imports of foodstuffs and raw materials from the United States and less on imports from Latin America; and has experienced difficulties in competing with the United States for Latin American markets on the other hand.⁵⁹⁶

The severe problem of payments linked to the lack of monetary reserves because of trade with Europe and the United States, caused a reduction of Latin American international trade. In fact, the trade with Europe and the US did not allow currency exchange; the Latin American trade with the US then implied an accumulation of a foreign currency - the US dollar - which could not be used in trade with Europe, and vice versa.⁵⁹⁷ Thus, given that multilateral compensation of international payments was not viable for Latin America due to its economic weakness, the IMF recommended the adoption of 'general policies for increasing and directing investment, both public and private, towards purposes consistent with economic development, such policies to include principles applying to currency, credit and taxation'.⁵⁹⁸

According to these recommendations, Latin American governments agreed to modify their policies to boost their productivity.⁵⁹⁹ This was applied to rents and capitalisation, through a general increase in commodity production, which implies a strengthening of their regional market and the promotion of industrialisation to minimise the impacts of international imbalance and increase the flexibilities of their economies.⁶⁰⁰ With this decision by the IMF there was a discontinuity in the discourse about the way to achieve development. With this decision a discontinuity arose in the discourse about the way to achieve development. The IMF recommendation forced Latin American countries

⁵⁹⁵ UN CEPAL, 1951:48-60

⁵⁹⁶ UN ECOSOC 1950:52

⁵⁹⁷ UN, 1951:368-82

⁵⁹⁸ UN ECOSOC, 1951:82

⁵⁹⁹ UN CEPAL, 1950b

⁶⁰⁰ UN, 1952:434

to improve the efficiency of their raw material production as well as their exports to solve the problem of availability of capital resources development.

The implementation of these policies did not mean that Latin America was moving to autarchy; on the contrary, its objective was to obtain a broad diversification of their economies to access the greater integration of the global economy. Therefore, the objectives of the international community and the aims of industrialisation would have been the same, which was to achieve beneficial changes in the world economy through increasing availability of raw materials, and through taking advantage of the promotion of industrialisation. In the words of Raul Prebisch, the Executive Secretary of ECLA:

Emphasis has been laid on the fact that a policy of import substitution must be combined with measures aimed at facilitating inter-Latin-American trade. The agreements concluded in this respect in recent years hold out promising prospects, and it is to be hoped that advantage will be taken of this initial experience to widen the sphere of trade, while simultaneously constructing a progressively multilateral system. This is also one of the primary objectives of the Central American Economic Co-operation Committee, of which the Secretary General spoke yesterday in most encouraging terms, and a report on whose work is submitted for the consideration of the delegates.⁶⁰¹

This argument is an important point because Latin American interests suffered. Given the failure in the implementation of regional multilateral payments, and the consequent lack of funding for development, the ECLA changed its research aim about international trade effects on Latin America and moved toward the improvement of national capacities to increase the production of raw materials to get financing for economic development. From now on, the ECLA made detailed studies in the pre-identified issues and started to work in new areas in Latin America.

On the other hand, the request for several studies from the UNGA to the ECLA represented in some sense the strong interest that Latin America had in producing knowledge to support the developmental process from its beginning. For example, in the first report of the ECLA it is possible to observe this situation:

⁶⁰¹ UN ECOSOC, 1950:43

All delegations agreed that the production of a basic survey of the economic situation of Latin America was an urgent and essential need. It was repeatedly stressed that the absence of statistical and economic data on the various aspects and divisions of the economic structure of Latin America was a grave handicap and a serious obstacle to the study of concrete problems and the search for adequate solutions to those problems. The essential need for studies on agriculture and cattle raising, mining, industry, power, machinery and equipment, transport, commerce, finance, etc., was therefore emphasized.⁶⁰²

In the discussion of this initiative about multilateral payments, it is possible to identify the discontinuity of the system related to the ECLA's production of knowledge. There are the same activities but with a different purpose. Here the practices of the ECLA to find industrialisation became a formal conclusion and this conclusion was the increase of raw material production. Therefore, areas such as the economic and legal status of foreign investment, specific industries studies, technological research, agricultural improvement, training, reporting on forest production, foreign trade effects of US defence programmes, and population census, among others,⁶⁰³ were investigated to improve the production of commodities and also to influence related negotiations in the UN system.

The decision of Latin America to try to influence international negotiations intended to change the multilateral structure to improve developing countries' trade conditions was a significant step in its process of joining the G77. Indeed, while its stance positively denounced the unfairness, it also reinforced the idea of the developing country. The differences among states defined by the ECLA were the basis for Latin American support of the G77 establishment. Since the G77 inception, all Latin American interventions at UN conferences have had this differentiation about industrialisation as a central point.

This situation brings some questions: What was the political strategy behind the emergence of this idea of developing country? What was the strategy behind the interest of the international community to solve development problems and the interest of Latin America to join the G77? Was the international interest in addressing issues such as

⁶⁰² UN ECOSOC 1948b:6

⁶⁰³ UN ECOSOC, 1951

commodity prices, technology, financing, among other, a manifestation of a genuine interest from the international community to solve these problems?

Alternatively, was this interest in solving underdevelopment the beginning of monitoring developing countries around the world, the beginning of a kind of control? If so, why? How are natural resources related to such control? What is the purpose of Latin American participation in the G77?

Perhaps the important point is not the interest or the amount of monitoring of developing countries. The important point, taking ideas from Foucault, is the way in which power is exercised in the international community and how this is connected with Latin America participation in the G77. Then, another question appears: is the nomination and recognition of the developing country idea a strategy to promote its exclusion from the reality, from the truth of a true state?

It is evident that the knowledge that emerged to solve underdevelopment and its calamities was at the same time part of a system that was interested in the production and control of natural resources. Likewise, with the establishment of multilateral institutions a period of interest began in countries who were producers of raw materials; the underdeveloped state began to be built around this role, becoming classified, a formal truth about how the real world worked.

Therefore, it seems that the function of power exercised by the international community over developing countries, related to the participation of Latin America in the G77, is not about unfairness but rather an operation of power that considers control of natural resources among its main aims. The administration of natural resources, taken as the unlimited resource under the imperial control in previous centuries and the basis of mutual enrichment of liberal rationality, was relevant for the neoliberal multilateral structure as well.

With neoliberalism, questioning began about international availability of natural resources and the role of the resources' new owners, the non-industrialised state. However, as we have seen, with this the non-industrialised state acquired a character of difference, of incompleteness, of underdevelopment; the bifurcation between industrialised and non-industrialised states begins. This need to organise the world's economy and the

international structure would bring concerns about forms of governing the the non-industrialised state, the way in which it produces wealth, and clearly, the way in which a state interacts with other states.

Faced with the international community's need to restore the world, Latin America through the ECLA defined important new topics to be addressed in international negotiations, such as commodity prices, technology, financing for industrialisation, markets for raw materials, sovereignty of natural resources and economic independence, among others. In this questioning about the interests of Latin America, the region started to define its role in international trade, and started to be clear that the Latin American government was different to the industrialised state in economic matters. This difference among states due to the emergence of the developing country idea and the importance of raw materials is the basis for understanding the link between Latin American participation in the G77 and neoliberalism.

Therefore, the aim of the police of development is the promotion of differences between countries according to their level of industrialisation. Indeed, the mushrooming of discourses about underdevelopment, produced by the ECLA and deployed by the G77 stated that the developing country is not industrialised and its aim is to be producer of raw materials. The ECLA studies produced the standardisation of developing country characteristics creating the labelling of countries according to their capacity to exploit natural resources.

This structure, oriented to promote and preserve differences between states, was reinforced by the UN structure. Specifically, at the UN member states were unofficially divided into five geopolitical regional groups to share the distribution of posts for General Assembly committees. There is a group of African states, another of Latin American states, one of Asian states, another of eastern European states and one of the Western European and other group states, all of whom are developed countries. This organisation by proximities enacts surveillance procedures, and segregation linked to the development of coalitions of developing countries. This differentiation that produces the emergence of the developing country creates a new reality. Indeed, the specification and classification of problems related to the underdevelopment such as commodity price, technology,

sovereignty of natural resources, climate change, among others, facilitates integration of the idea of the developing country into the global structure.

There is a perpetual spiral of power and development around the idea of the developing country, using the Foucauldian terms.⁶⁰⁴ The reality of the trade problem does not seek to eliminate a kind of state (turning the developing into developed); rather it tries to recreate a reality in which the underdevelopment and its vices must be removed. The specification of Latin American states and its problems that have been declared by the G77 during the last decades have also built other kinds of states such as the recent “emergent economy” Likewise, given that the developing country is “in evolution” towards development, this police of development promotes monitoring and surveillance. Developing countries need the support of multilateral institutions because they are “by definition” incapable of getting complete finance for development. Thus, international organisations have to give support to developing countries and this brings a need for monitoring and surveillance. The WB and the IMF are commonly oriented to give this kind of “support”, but other institutions at the UN have also fulfilled the role. These recommendations have not always found the expected results. However, developing countries continue asking for support, which produces more funding needs and more support in an endless cycle. The need for development, taking the words of Foucault, is ‘an effort that has always been destined to fail and always constrained to begin again’.⁶⁰⁵

In this context, Latin American actions again reinforce the problem they seek to solve. The claim made for better terms of natural resources trade by the Latin Americans in the G77 supports a mechanism in which the intervention of multilateral institutions is always needed. The recognition of “evils” linked to the problems of international trade that Latin America denounces through its participation in the G77 at the UNCTAD I, then produces the need for specific knowledge and monitoring by the multilateral structure. The ECLA generated this knowledge and executed this monitoring, through a form of surveillance that does not imply repression or discipline. The ECLA produced the stats of Latin American states for monitoring by different international agencies such as FAO, UNDP, WHO. These stats are a requirement from international institutions to

⁶⁰⁴ Foucault, 1979

⁶⁰⁵ Foucault, 1979:41

enable access to their benefits and aids. Latin American countries' denunciations through the G77 of impediments to development and to the status of developed countries, seems an exercise in futility, doomed to fail and to be repeated endlessly. Underdevelopment is identified as the universal evil that should be eradicated, but at the same time it seems to be used as the justification for developed countries' actions over developing ones.

An important matter here is that all changes in the labelling of states are related to challenges arising from the end of liberalism. With the beginning of neoliberalism, multilateral organisations changed regarding control of trade and control of states. It is clear that things are ambiguous. The large number of institutions devoted to development shows not only the international community's concern with developing countries, it also signals control through mechanisms of surveillance linked to these institutions, mainly on issues about natural resources and the knowledge related to them. It is possible that today, interest in recognition of independence and exploitation of raw materials have lost their relevance a hundred years after first becoming key issues in world affairs, but interest in development remains important in all its complex and contradictory ways, including the way it has been deployed through the G77 at UN summits.

In this context, perhaps, the purpose of Latin America in the G77 claiming improvements in commodity trading is only a way to denounce the reality of a state that will never achieve development.

Thus, the important thing about the Latin American participation in the G77 at the UNCTAD I perhaps is not opposition to developed countries, or its criticism of the multilateral economic system, but rather that there are other ways in which power at international level has worked, that go beyond the surface of those discussions to natural resources themselves and development as an idea. So, when Latin America took part in the G77 at the UNCTAD I claiming solutions to problems of terms of trade of natural resources in the international arena, was the real purpose of these countries becoming a developed country?

Thus, it seems that the power linked to the Latin America participation in the G77 at the UNCTAD I is a type of power that gives names to create some truths. This kind of power builds elements that compose this reality; consequently, it requires evaluation,

analysis, statistics, and a complete battery of knowledge linked to development. This knowledge is used and produced by the UN institutions. The police of development seems to be a governmental technology that gives Latin American countries more than discourses of injustice, it creates the new accepted category of underdevelopment, which is defended by the G77 at the UN negotiations. Moreover, this power requires discourses, actors, and a form to deploy them in; this is where coalitions became relevant. The knowledge produced to support development was also used to implement organisations oriented to eradicate underdevelopment. The power did not invent these institutions, but has used them to apply and deploy its power.

Clearly, in the international structure discourses about the terms of trade of natural resources were institutionally accepted, and it is clear that these discourses have been reinforced in subsequent decades. They were reinforced through several negotiations at the UN and they culminated at the UNCTAD I with the establishment of the G77. The declared opposition to the economic system is an effect of international unfairness but it is also an instrument used by the multilateral structure around the idea of developing country. On the idea of developing country, the power promoted the need for change to achieve economic growth and this idea allows a legitimate intervention. Likewise, the increase of institutions oriented to solve underdevelopment reinforces the pursuit of development, leading these institutions to get more power: power comes from those that the system is trying to guide, the developing countries.

During the last decades, a whole economy has been built on the idea of underdevelopment, power, unfairness and opposition. These are not contrary but are part of the same system; a system in which the G77 plays an important role.

It appears necessary therefore to deny the hypothesis of unfairness in the international trade structure as the way to explain the Latin American participation in the G77. That unfairness is not only a cause of the underdevelopment, rather the power executed is part of a *dispositif* that produces knowledge and which is outside the multilateral structure and its multilateral treaties such as GATT.

This allows us to answer the historic-theoretical questions, and it is possible to say that the workings of power, and, in particular, those mechanisms that are brought into play through Latin American coalescence at the UN conferences, do not belong in the

category of unfairness. Unfairness, exclusion and opposition are the forms through which power is exercised at the United Nations. The knowledge-power implied in the Latin American involvement in the G77 is part of a more complex structure of power that needs to be understood. This structure could be related with neoliberalism.

4.3 The problematisation that promote the G77, the access to natural resources

This chapter extends the genealogy that started in the previous chapter and introduces the international historical context.

The methodological chapter explained that the final aim of the genealogy is the identification of the problematisation that identifies reasons for Latin American coalescence in the G77 at the UNCTAD I. Thus this chapter shows how knowledge that sustains the idea of the “developing country” was triggered by international concern about what I call “problematisation about commodity availability” in global markets. Particularly, it explains how the shortage of raw materials and food in Europe due to the world wars, and the parallel need of resources for industrialisation in underdeveloped countries, is part of a problematisation around natural resources that was addressed through multilateral institutions.

Therefore, it will illuminate how police of development as a mechanism of power executed by the international community sought to ensure the availability of raw materials in international markets and access to appropriate resources for restoration of the world economy.

According to previous chapters, Latin American participation in the G77 at the first UNCTAD was sustained by acceptance of the historical fact that the international economic system has been unfair for developing countries. ECLA studies pointed out that the international Ricardian structure deepened differences among states, while GATT worsened the terms of commodity trade. The ECLA claimed that implementation of trade rules affected negatively Latin American access to international markets and harmed the Latin American economy, a situation the international community has observed with indifference.

Likewise, the work of the ECLA allowed acceptance that the foreign trade in commodities plays a crucial role in the economic development of underdeveloped

countries internationally.⁶⁰⁶ This does not mean that the international community was not concerned with the production and export of natural resources before the ECLA; on the contrary, this interest was present even before the inception of the United Nations.

As was explained in the previous chapter, the police of development that seeks to “normalise” the path to development was triggered by the need to ensure the availability of raw materials in the international trade. I call this concern about natural resources in international markets the “problematisation of commodities availability”. This chapter proposes that international interest in natural resources has been so important for the international community that it has produced in a certain way the police of development. This interest is also part of the system that produces the Latin American participation in coalitions. In this context, the exploitation of natural resources became a “centre of power” over which the multilateral structure exercises its power, as is explained below.

It is important to introduce at this point the concept of the counterbalancing mechanism of the power of the state. This helps us to understand the interest of the international community in multilateral institutions and its relation with natural resources availability. Specifically, the *Raison d’État*, that shaped the ‘body of this new art of government organised’,⁶⁰⁷ imposed a balance of the exercise of power in the state between national and international assemblages of political technologies. Thus, according to reigning governmental rationalities such as liberalism and neoliberalism, when the exercise of state power is unlimited over national technologies, the exercise of state power is self-limited on international technologies and vice-versa. In Foucault’s words:

That is to say, when it is a question of an independent power facing other powers, government according to *raison d’État* has limited objectives. But there is no limit to the objectives of government when it is a question of managing a public power that has to regulate the behaviour of subjects.⁶⁰⁸

Internal and external political technologies of government are closely linked to a complex interaction of power that causes tensions and adjustments in a counterbalancing mechanism of power.⁶⁰⁹ This interaction means that the state has an unstable equilibrium

⁶⁰⁶ UN ECOSOC, 1963:186

⁶⁰⁷ Foucault, 2008:5

⁶⁰⁸ Foucault 2008:7

⁶⁰⁹ Foucault, 2008:14

of power between its outer and inner spheres. Likewise, state power exercised on its internal and external political technologies, in a limited or unlimited way, organises itself according to the reigning rationality of government. Regarding the political rationality prevailing in a historical period, the power of the state is exercised on political technologies at different intensities.

For example, Rose⁶¹⁰ argues that the Treaty of Westphalia, and other agreements that ended the Thirty Years War, gave governments the supreme political authority to rule their domains (unlimited power); but at the same time, these agreements restricted rulers from intervening in the religious affairs of other states (self-limited external power). These arrangements had the novel effect of assigning to governments the capacity to execute unlimited power on their populations while the treaties regulating large-scale territorial conflicts and hence regulating and limiting the power of government in its relationship with other states.⁶¹¹

This counterbalance of power in the *Raison d'État* that enables the state to protect its sovereignty, also enabled the state to limit the growth of other states to protect its interests. This protection of sovereignty was also the aim for Latin American governments to support the establishment of multilateral institutions later, in neoliberalism. This limitation of state power is achieved through the war in the *Raison d'État*, producing the European balance. Foucault states:

Raison d'État, accepts that every state has its interests and consequently has to defend these interests, and to defend them absolutely, but the state's objective must not be that of returning to the unifying position of a total and global empire at the end of time. It must not dream that one day it will be the empire of the last day. Each state must limit its objectives, ensure its independence, and ensure that its forces are such that it will never be in an inferior position with respect to the set of other countries, or to its neighbours, or to the strongest of all the other countries.⁶¹²

In liberalism and neoliberalism, this limitation of state changed. In the shift from liberalism to neoliberalism, the international economic situation forced the international

⁶¹⁰ Rose, 1999:35

⁶¹¹ Hunter, 1996

⁶¹² Foucault 2002: 6

community to intervene in international markets to restore international trade. This “liberal” intervention, first materialising in the League of Nations, implied the establishment of multilateral institutions. This multilateral system promoted the self-limitation of the power of the state at international level, changing international rules of competition between states. Thus the establishment of multilateral institutions to achieve financial recovery also allowed the establishment of a structure to promote and protect the international trade in natural resources.

Given that the (neo)liberal governmental rationality of countries is based on the truth of markets, the protection and continuity of these is determinant for the success of governments. As was explained above, as well as capital markets natural resources form a crucial component of the world economy, so assurance of their availability in international markets is also vital for the function of the complete system.⁶¹³

The interest of the international community in the trade of natural resources related to Latin America and its interest in the G77 linked with two important and related global processes. The first process was the scarcity of commodities for industrial requirements in Europe as a consequence of two world wars which left a foodstuff shortage and lack of raw materials available in international markets.⁶¹⁴ Regarding Latin America, this process was reinforced by the outbreak of the Cold War, which promoted the interest of the US in the region’s resources.⁶¹⁵

The second process was the increased control of natural resources by developing countries due to the decolonisation process and discussion about the sovereignty of natural resources.⁶¹⁶ This decolonisation, mainly promoted by the UN, transformed territories rich in natural resources into new states that were mostly non-industrialised. These processes led to dependency on the part of industrialised countries on commodities produced by non-industrialised countries.

Particularly, the outbreak of world wars that interrupted natural resources trade to Europe highlighted to industrialised governments their dependence on overseas raw

⁶¹³ See: Barnett, & Morse, 2013

⁶¹⁴ Albert & Henderson, 2002:91-104.

⁶¹⁵ Westad, 2005:153.

⁶¹⁶ Schriver, 2008: 84-90

materials.⁶¹⁷ The availability of natural resources in international markets was seen as a problem. The problematisation started.

Historically, the implementation of tariff systems between industrialised and non-industrialised countries (or colonies) is a point that can be determined as the beginning of the concern about the international availability of natural resources related to non-industrialised countries. This point in the middle of the liberal rationality constitutes a discontinuity in the discourse.

The most important initiative of tariff systems, related to the commodity market in the new multilateral system was the Imperial Preference System,⁶¹⁸ launched in the UK through the Ottawa Trade Agreements of 1932. This system, under the principle of 'home producers first, Empire producers second, and foreign producers last',⁶¹⁹ implied that UK dominions accepted making preferential concessions to British imports of raw materials, in exchange for similar concessions on UK markets.

The concern arose because implementation of the Imperial Preference System was against liberal paradigms that ruled international trade in that period.⁶²⁰ The US saw this as a problem: they saw in this initiative the risk that other European states were interested in taking the same actions to save their economies too. Given that this initiative was putting at risk raw materials exports, the US decided to take action to restore the free markets.⁶²¹

This event changed the pattern of interest in natural resources. Prior to this the US as an economically autonomous and liberal state was strongly isolationist, did not pay much attention to international economic problems and was not interested in international cooperation.⁶²² Indeed, arguing that national governments must not intervene in the allocation of world resources, the US did not join the League of Nations.⁶²³

However, implementation of preferential tariffs by the UK triggered US interest in international discussions related to trade restoration after the wars; mainly because the

⁶¹⁷ Schrijver, 2008

⁶¹⁸ Mace & Adam, 1933

⁶¹⁹ Boyer, 1938

⁶²⁰ Lattimer, 1934

⁶²¹ Gardner, 1956

⁶²² Weinberg, 1940; Gardner, 1956

⁶²³ Berdahl, 1929

US saw in protectionist practices a risk for the international trade freedom, and hence a risk for its own markets.⁶²⁴ In an attempt to reduce tariff restrictions to avoid protectionism expanding, the US government decided to collaborate with the UK for the restoration of the international trade.⁶²⁵ One of the results of this collaboration was the Atlantic Charter signed by the US and the UK in 1941.

The Atlantic Charter showed international interest in natural resources clearly. It defined Allied goals for the post-war world and, considered the first document of multilateralism, it addressed the issue of ‘access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity’.⁶²⁶

This ‘access, on equal terms, to the trade’” established in the Atlantic Charter became the foundation for Latin American criticism of the international economic system, since it made clear that all states were not equal⁶²⁷. This recognition of inequality was the base of their discourse through the G77. The ITO conference was where these ideas about “access, on equal terms, to the trade” were addressed subsequently and where Latin America started to take part in the problematisation of commodities availability.

This interest in the natural resources of non-industrialised countries was related to the strengthening of knowledge about the limit of natural resources outside the empires. There is a relation between the production of knowledge and the production of natural resources.

This relation between knowledge/natural resources started before the inception of multilateral institutions. A good example was the discussion about the protection of wildlife, and the need to feed the rising global population at the beginning of the twentieth century. These discussions drove the increase of international scientific interest in understanding the characteristics and the potential of natural resources present in colonies (also called the Western hemisphere).

Before the inception of multilateral institutions, discussion by industrialised countries about the future of natural resources in the Western hemisphere was incipient and centred on conservationism. The first institutional initiative was the adoption of the

⁶²⁴ Zeiler, 1997

⁶²⁵ Block, 1977

⁶²⁶ Atlantic Charter, 1941:6

⁶²⁷ UN, 1962:172

first regional conservation treaty in 1900, called the *African Convention on the Conservation of nature and natural resources and the Convention on the nature protection*.⁶²⁸

This treaty, signed in London by the major powers that controlled the continent of Africa, sought to regulate the exploitation of wildlife through encouraging the creation of nature reserves on the continent. Following this initiative to protect the resources in the Western hemisphere, in 1940 the US government, through the Pan American Union, pushed *The Convention on Nature Protection and Wild Life Preservation in the Western Hemisphere*^{629/630} intended to protect natural resources and scenic beauties on the American continent. Known as the Western Hemisphere Convention, it was signed by all Latin American countries.

With the inception of the United Nations, concern about natural resources from colonial territories was transferred to UN conferences. As expected, the purpose changed because of the need for European restoration and, instead of conservationism, the international community was more interested in the availability of natural resources for productive matters. Mutual collaboration on international trade between industrialised and non-industrialised countries was critical to find solutions to the international economic crisis.

The “problem” of the shortage of raw materials in the post-world war period put forward the need for cooperation among nations. Cooperation from Latin America was needed because of its natural resources. This integration into global negotiations was through the ITO Conference. Despite that, negotiation were “against” the Latin American demands because of the cancellation of the institution and the establishment of GATT. They were not, on the other hand, against the need for more commodities from Latin America in international markets.

According to the ECLA, as we saw, the results of the ITO conference and the formation of GATT harmed rather than helped the terms of commodity trade. The imposition of GATT and its “most favoured nation” clause led to developing countries,

⁶²⁸ IUCN, 2004

⁶²⁹ OAS, 1940

⁶³⁰ Rogers & Moore, 1995; Lyster & Philip, 1985

including Latin American ones, to further focus on achieving industrialisation and development,⁶³¹ based on improving the production of raw materials and their export.

The ECLA was the institution that brought the knowledge needed to address this challenge. ECLA studies were focused on the evaluation and quantification of different resources of the region. These periodic studies gave the opportunity to the international community to analyse, compare and monitor natural resources. The police of development was an important ally to satisfying the constant need of natural resources in international markets. Non-industrialised states such as Latin American ones had to export raw materials because that was the implicit “agreement” under the banner of comparative advantages.

The influence of comparative advantage as the international organisational structure promoted the idea that natural resources of the world were a global patrimony that must benefit the whole world. Thus, global natural resources exploited to their maximum capacity, and then placed on the markets would bring global welfare and stability in the international economy to universal benefit. This idea about “collectivism” of resources was proposed by the chairperson of the First General Assembly in 1946:

[...] to constitute the General Assembly of the United Nations and to make a genuine and sincere beginning with the application of the San Francisco Charter. That instrument, having been freely and democratically debated, has been unreservedly accepted by all in the knowledge that the machinery set up under its provisions will prove adequate to the achievement of its historic purpose; this, in a Word, is the maintenance of peace and security by collective recourse, when needed, to the use of land, sea and air forces and the establishment, through cooperation in the economic, social, educational and humanitarian fields, of those conditions of stability and well-being which will ensure peaceful and friendly relations, based on the principle of equal rights and self-determination among the nations of the world.⁶³²

Brazil in its intervention reinforced this idea of cooperation to achieve the global welfare. The Ambassador Luiz Martines de Souza Dantas stated in his intervention at the First Regular Session of the General Assembly of the United Nations in 1946:

⁶³¹ Srinivasan, 1999

⁶³² UNGA 1946: 37

Thus, man will have made his greatest conquest, and we can join in a common effort to stamp out the three great scourges of war, disease and want, which at the moment are dividing and oppressing us. One single thought should inspire our actions toward setting up on unshakable foundations the Organization of the United Nations and I hope that it may be its motto: "*Communis humanitatis causa*".⁶³³

The objective of international collaboration was aligned with the aim of the United Nations Charter, signed on 26 June 1945. The charter in its preamble stated its aim 'to promote social progress and better standards of life in larger freedom' and to this end pledged 'to employ international machinery for the promotion of the economic and social advancement of all peoples'.⁶³⁴ This objective was also aligned with the ECOSOC Resolution 32 (iv), called Conservation and Utilisation of Resources⁶³⁵ and reinforced by Resolution 109 (VI).⁶³⁶ It states:

The Economic and Social Council, recognizing the importance of the world's natural resources, particularly due to the drain of the war on such resources, and their importance to the reconstruction of devastated areas, and recognizing further the need for continuous development and widespread application of the techniques of resource conservation and utilization.⁶³⁷

Therefore, in the first stage of negotiations, Latin America supported the European need of restoration after war on the understanding that this was a cooperative effort among nations.⁶³⁸ In this period, Latin America was willing to produce more commodities to export, but also expected that their compromise would turn into more support for Latin American industrialisation. This spirit of cooperation among nations that supported the Latin American compromise with the UN initiatives was linked to problematisation of natural resources availability, and the need for development as part of its solution.

The problematisation of commodities availability was also linked with the problem of scarcity of food that had to be addressed by collaboration (or distribution of

⁶³³ Seixas Correa, 2013: 51

⁶³⁴ UN, 1945

⁶³⁵ UN ECOSOC, 1947

⁶³⁶ UN ECOSOC, 1948

⁶³⁷ UN ECOSOC 1947:5

⁶³⁸ Gardner, 1956

productive capacity) of all state parties of the United Nations. For example on 2 February 1946, in the twenty second plenary meeting of the General Assembly, the British representative stated:

Last night, at a very late hour, we faced the grim fact of what a world shortage of food is likely to mean in the coming months. This resolution deals with an equally urgent problem, the distribution of productive capacity.⁶³⁹

It is important to note that the Food and Agricultural Organisation (FAO) was the institution at the inception of the multilateral structure that most reinforced collaboration among states, and which claimed the relevance of the natural resource destination. Indeed, this institution was created with this objective, as stated in the preamble of the institution constitution:

...to promote the common welfare by furthering separate and collective action on their part for the purposes of raising levels of nutrition and standards of living of the peoples under their respective jurisdictions, securing improvements in the efficiency of the production and distribution of all food and agricultural products, and bettering the conditions of rural population, and thus contributing toward an expanding world economy.⁶⁴⁰

The FAO, implemented in 1946 as a result of deliberations at the League of Nations about the need for a world food authority, was the first multilateral institution in which it was possible to identify a problematisation of commodities availability. It became the first institution entrusted with the management and organisation of natural resources from non-industrialised countries. The FAO inception in part led the way to the need for a surveillance of natural resources. For instance, in the FAO negotiations to establish the International Emergency Food Council⁶⁴¹ (the body oriented to replace the Combined Food Board in 1946 and the predecessor of the International Emergency Food Committee formed in 1949),⁶⁴² it was remarked that the institutional aim should persuade importers

⁶³⁹ UNGA 1946:336

⁶⁴⁰ FAO 1945

⁶⁴¹ IEFC, 1948

⁶⁴² The International Emergency Food Council (IEFC) was organized by the FAO to deal with the world food crisis after World War II. It existed independently until 1948, when the FAO absorbed and renamed it the International Emergency Food Committee. (Gibson, 2012:225)

and exporters to adjust their available supplies in accordance with the provision of the most urgent needs.⁶⁴³

The establishment of the FAO promoted a major multilateral interest about practices in developing countries related to the availability of food.⁶⁴⁴ Accordingly, more understanding of these practices was requested to improve them, which implied the production of comprehensive statistics on hunger levels and the production of commodities from around the world, but mainly from non-industrialised countries. For example, in its first negotiations it was agreed that a mission would be sent to developing countries to produce the needed statistics to respond to the request for aid made by developing countries.⁶⁴⁵ The first mission was in Greece, and with it began the interest in economic growth in underdeveloped states. The FAO triggered the organisation of production and consumption of raw materials produced by non-industrialised countries and consequently, the first stage of the policy of development.

The mission to Greece implied an intrusion of multilateral institutions in national policies related to development and natural resource exploitation.⁶⁴⁶ The FAO Standing Advisory Committee on Economics in 1946, in an analysis regarding implementation of the World Food Board, declared:

[...] facilitating or of raising the efficiency of agricultural production. The "mission" to Greece was the first F.A.O. effort of a major character and its report offers the basis of a thorough re-organisation and development of the Greek rural economy. The success of this mission, as measured by its report, is bound to lead to similar requests for aid by other countries and F.A.O. will grow in status if, and as, it is able to meet such calls for aid. If the mission was a "success" in terms of the apparent soundness of its report, the crucial test of its ultimate significance lies in the efforts to give effect to its recommendations. Much of the advice given is wholly a matter for the national government's own powers. Much, however, depends on various types of international assistance; especially as the solution of agriculture's problems in under-developed economies is so largely a function of general economic policy.⁶⁴⁷

⁶⁴³ UN FAO, 1945; Crawford, 1946

⁶⁴⁴ UN FAO, 1947:350; UN ECOSOC, 1947:51

⁶⁴⁵ UN ECOSOC, 1947:16-17

⁶⁴⁶ Crawford, 1946

⁶⁴⁷ Crawford 1946:6

This “intromission” of the international community into non-industrialised economies in order to find solutions to the problematisation of commodities availability would trigger the need of development in developing countries.

Likewise, this development idea needed knowledge to improve the use of natural resources. In Latin America, this knowledge was produced by the ECLA and it was focused on development and the need to improve the international trade in raw materials. In the ECLA research began with economic aspects of exports and production of raw materials; later studies were oriented to classification, monitoring, conservation, preservation and diversity, among other topics.⁶⁴⁸ These pioneer studies in developing countries, that allowed analysis of their natural resources practices, would allow at the same time them to be surveilled.

This need of knowledge production to solve the problematisation of commodities availability is clear in the United Nations Conference on Conservation and Utilisation of Resources (UNCCUR). Held at Lake Success, New York, 17 August to 6 September, 1949, the UNCCUR was the first international conference at the UN to address the problem of natural resources from a scientific point of view.⁶⁴⁹ Though the motivation of this conference was the conservation and utilisation of natural resources from around the world to achieve the maximum human benefit (UNCURR), discussion was mainly centred on resources of the “Western hemisphere” such as the Latin American ones.

In the conference negotiations dealt with topics related to natural resources of non-industrialised countries. For example, the ‘Plenary meetings dealt with such important topics as the World Resource Situation, Interdependence of Resources, Regrettable Resources, Methods of Resource Appraisal, Resource Techniques, River Basin Development, the Adaptation of Resource Programs, and Education for Conservation’.⁶⁵⁰ Discussion among delegates, mainly scientists, was about how industrialised countries could help non-industrialised ones to enhance exploitation of their natural resources, and how to improve the technical assistance given by multilateral institutions. The foreword of the conference stated:

⁶⁴⁸ UN, 1947-48:538-42

⁶⁴⁹ UN, 1947-48:482

⁶⁵⁰ Aull, Gabbard and Timmons, 1950:xvii

From the standpoint of the United Nations, this chance to meet and know these scientists will, I am sure, prove invaluable particularly in the development of the new and growing programme of technical assistance to the economically less-developed countries, on which the United Nations is now embarking.⁶⁵¹

Focusing on the depletion of natural resources, this conference was held one year after the United Nations Conference on Trade and Employment (the ITO conference) in which GATT was agreed. This depletion was divided into categories depending on country type. It was understood that industrialised countries consume an enormous amount of raw materials for industry while developing countries consume more resources due to increasing populations and destruction of resources because of their poverty. The official discourse about the lack of resources for development started.

Therefore, problematisation about commodities availability that triggered scientific interest was reinforced by the familiar differentiation among industrialised and non-industrialised countries. In fact, the UNCURR discussed the value of dividing countries by their level of development. The US delegates to the conference, in later analysis, remarked the relevance of this discussion:

In commenting upon Raushenbush's analysis, John D. Black, U.S.A., pointed out some limitations of dividing the world into two worlds-the underdeveloped and the developed. According to Prof. Black, there is neither one nor two worlds as far as resources are concerned. Instead, there are a number of social aggregates each bound together by national and trade-bloc ties.⁶⁵²

After all interventions by attendants in the UNCCUR, the way in which the non-industrialised countries would be incorporated into the global structure to solve the shortage of raw materials became evident. Developing countries were integrated as producers of raw materials, and their role was the production of these resources in an adequate amount to respond to the global needs; the Ricardian model was being imposed by a multilateral structure of collaboration. This matter was mentioned in a posterior evaluation of the conference by one participant:

⁶⁵¹ UNCURR, 1949: Foreword

⁶⁵² Aull, Gabbard and Timmons 1950:98

Finally, mention was made of the necessity for international cooperation in resource utilization. It was pointed out that world resources are not distributed in relation to population or national boundaries. Hence, if people of the world are to benefit from the world's resources, there must be free and full exchange of products among nations. Only in this way can each nation specialize in those products for which it enjoys the greatest comparative advantage or least comparative disadvantage. Thus it was that while tariffs, duties, cartels, quotas, monetary manipulations and various other political and economic devices were generally recognized as constituting the major obstacles to improved utilization of the resources of the world, these obstacles were mostly outside the scope and organization of the Conference.⁶⁵³

With the beginning of the United Nations, the United Nations Economic and Social Council (ECOSOC), established by the UN Charter in 1946, was the main institution preoccupied with non-industrialised states. Indeed, this institution, considered nowadays 'the UN's central platform for reflection, debate, and innovative thinking on sustainable development', is 'the principal body for coordination, policy review, policy dialogue and recommendations on economic, social and environmental issues, as well as for implementation of the internationally agreed development goals'.⁶⁵⁴

However this institution did not achieve enough autonomy to solve problems of underdevelopment.^{655/656} ECOSOC was not seen by the international community as having a major operational role in advancing development. ECOSOC and the General Assembly were seen as 'legitimizing and coordinating mechanisms'⁶⁵⁷. For their part, the IBRD and the IMF did not have programmes to help developing countries to achieve development.

Likewise, the first regional commissions⁶⁵⁸ proposed in the ECOSOC were not trying to solve problems of development; the Economic Commission for Europe and the

⁶⁵³ Aull, Gabbard and Timmons 1950:109

⁶⁵⁴ <http://www.un.org/en/ecosoc/about/>

⁶⁵⁵ According to Rosenthal the ECOSOC was never intended to be the centre of global policy coordination. Rather, and for understandable reasons, the main powers emerging from World War II preferred to concentrate global policy-making in the organisations in which their control was at least proportionate to their relative weight in world affairs.

⁶⁵⁶ Rosenthal, 2005; Weiss, Forsythe, Coate & Pease, 2016

⁶⁵⁷ Weiss, Forsythe, Coate & Pease, 2016:249

⁶⁵⁸ The first economic commissions were the Economic Commission for Europe and the Economic Commission for Asia-Pacific. The Economic Commission for Latin America (ECLA), CEPAL in Spanish, was established in 1948 and was the third regional economic commission.

Economic Commission for Asia-Pacific were suggested to support European countries to overcome the devastation of these regions after wars. This lack of orientation to development of institutions was one of the problems denounced by Latin America in the UN General Assembly at the beginning of Bretton Woods institutions. The ECLA became the institution established to provide information on Latin American countries in issues related to trade; it became the institution concerned with development.

The production of commodities and their availability in international markets became an important part of the global economy and a pillar for world trade restructuration, and the multilateral system was engaged in to ensure commodity production. However, although the Latin American region accepted this role of raw material producer driven by the problematisation of commodities at the beginning of multilateral institutions, the role was not recognised by Latin America ultimately, because the region desired industrialisation to end its position on the economic periphery. The establishment of multilateral institutions earned the support of Latin American governments because these saw in a multilateral system the opportunity to become a state like others and achieve development. With better commodity trade, Latin America would be able to achieve development and the economic growth that in those days only industrialised states could enjoy.

The expectation of justice motivated Latin American governments to be part of global mutual enrichment. Latin America saw in the restoration of international trade after the wars, and the consequent self-limitation of state power in the international sphere, an opportunity to improve conditions for the terms of trade in its raw materials.⁶⁵⁹ The idea of development became the main way to maintain this Latin American engage in the production of natural resources. The Latin American participation in coalitions at the UN conferences was part of this mechanism.

The US, the main builder of multilateral system, also had a particular interest in the relationship between development and availability of natural resources. Indeed, the Scientific Conference on Conservation and Utilisation of Resources was promoted by the

⁶⁵⁹ Houston, 1956

Truman government,⁶⁶⁰ who had an interest in the discussion and understanding of the development of developing countries and the subsequent use of their resources to achieve this purpose. This interest was sustained by the contingency related with the threat of communism.

In 1947 in particular, Truman as the US president launched the programme known as the Truman Doctrine. This programme had the aim of “helping free people of liberal states against the communist menace” through the support to achieve their development and economic growth. The “free states” that required assistance were Greece and Turkey in Europe, and the states of Latin America; after all, Latin America was liberal, poor and underdeveloped. The support offered by the US government was in part military but mainly economic and would be realised through the Marshall Plan for Europe, that was implemented, and the Progress Alliance for Latin America that was suspended close to its beginning. These programs were oriented to support government by “guidance” to development:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free peoples to work out their own destinies in their own way. I believe that our help should be primarily through economic stability and orderly political process.⁶⁶¹

Truman’s words in 1947 can be complemented with other pronouncements two years later in which the objective was explicitly the development of underdeveloped areas; this interest in development was known as the Point Four.⁶⁶² In this support, promoted by the US, the UN had a predominant role. It became the *dispositif* for development. Truman stated:

The American people desire, and are determined to work for, a world in which all nations and all peoples are free to govern themselves as they see fit, and to achieve a decent and

⁶⁶⁰ In a letter dated 4 September 1946 (E/139) 1, addressed to the United States representative on the Economic and Social Council, President Harry S. Truman of the United States suggested that the United States representative to the Council ‘propose to that organization at its meeting in September that it sponsor an international scientific conference on the conservation and utilization of natural resources’.

⁶⁶¹ President Harry S. Truman, March 12, 1947 in an Address Recommending aid to Greece and Turkey. Available from: <http://www.trumanlibrary.org/teacher/doctrine.htm#speech>

⁶⁶² The Point Four Program was a technical assistance program for “developing countries” announced by US President Harry S. Truman in his inaugural address for his second presidential term, on January 20, 1949. It took its name from the fact that it was the fourth foreign policy objective mentioned in the speech.

satisfying life. [...] In the coming years, our program for peace and freedom will emphasize four major courses of action. First, we will continue to give unfaltering support to the United Nations and related agencies, and we will continue to search for ways to strengthen their authority and increase their effectiveness. We believe that the United Nations will be strengthened by the new nations which are being formed in lands now advancing toward self-government under democratic principles. [...] Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.⁶⁶³

However, the aid offered to Latin America would be diverted by the United States Defence Program to serve US military requirements in the Korean War. As a result, the Point Four assistance tended to be funnelled into military support programmes in recipient nations rather than to social care, or agriculture, which changed the focus of aid programmes.⁶⁶⁴

Thus, the outbreak of the Cold War and the menace of communism brought changes in the ideas that led the UN. It brought new challenges to find solutions to the problem of natural resource availability and consequently it triggered changes in the practices of developing countries at the UN, such as Latin America's entry into the G77.

Particularly, multilateral institutions, established on the liberal ideals that promoted the expansion of markets and that the US supported strongly, opposed the spread of states with communist ideas.⁶⁶⁵ Thus, in order to maintain the alignment to capitalism, states that received multilateral aid were subject to more surveillance, and the monitoring of practices related to development became the primary aim of multilateral institutions.

In the international contingency of the Cold War, the practices to achieve global development and general welfare of raw materials producing states became something to be administrated. The development required a police of development. That "police" was not interested in all national issues, but rather in those linked to international prosperity.

⁶⁶³ President Harry S. Truman, January 20, 1949 Inaugural Address. Available from: http://www.trumanlibrary.org/whistlestop/50yr_archive/inagural20jan1949.htm

⁶⁶⁴ Mack, 1953

⁶⁶⁵ Gardner, 1985

Multilateral institutions monitored procedures and concrete actions to achieve economic growth.

Given the international relevance of natural resources for the global economy, these matters were not left in inexperienced hands, such as those of developing governments. As Truman pointed out, development should be guided by the multilateral structure to guarantee the interest of people:

Such new economic developments must be devised and controlled to the benefit of the peoples of the areas in which they are established. Guarantees to the investor must be balanced by guarantees in the interest of the people whose resources and whose labor go into these developments.⁶⁶⁶

The reduction of European control over natural resources for the reasons we have outlined, led liberal governments in the UN to address the problematisation of their availability. Industrialised states came to think about how best to organise global production of resources outside their territories and how to sustain the mutual enrichment of liberal rationality. The need for administration of natural resources allowed at the same time the surveillance of non-industrialised states practices. Thus, in order to receive the multilateral assistance for development, the developing countries had to limit their national actions on the use of these natural resources.

In a general perspective, the multilateral structure had the function of organising and monitoring the development, which meant the police of practices related to the use of natural resources. Therefore, more than a dialogue about natural resources in themselves, the UN negotiations would entail dialogue about techniques for the use of natural resources in developing countries. This idea was clarified in the introduction of a UNESCO conference:

Techniques for under-developed countries was another question which not only occupied the discussion of several entire meetings but formed a continual focus of discussion throughout the Conference. It is impossible without full presentation of the many viewpoints represented even to list the numerous points and questions which were raised with respect to this subject. However, among the more outstanding were the following: the

⁶⁶⁶President Harry S. Truman, January 20, 1949, Inaugural Address. Available from: http://www.trumanlibrary.org/whistlestop/50yr_archive/inagural20jan1949.htm

techniques essential to accelerate the most efficient development of the local processing of raw materials produced in the less-developed countries where this is desirable from an economic standpoint; the mutual contribution of industrialization and improved agricultural techniques to the economic development of the under-developed countries; the adaptation of techniques to the special conditions of the under-developed countries [...]; special conditions essential for the education and training methods both for conservation and development, the important role to be played by local national and regional technical institutes, and extension methods of bringing education directly to the farm; the vast contribution to be made by improved health.⁶⁶⁷

The problematisation of commodity availability implied, at the national level, that a correct administration of natural resources was required to establish better use of them. After all, a government that administers its resources correctly could achieve development in a better way.

In this context of international surveillance as a result of the Cold War, and the international community's interest in natural resources of non-industrialised states, the discussion started in Latin America about commodities trade was reinforced. This discussion, that triggered the acceptance of Latin America into the G77, also protected the availability of natural resources in international markets. Latin American countries through the G77 have discussed issues mainly about sovereignty of natural resources, the productivity of natural resources to increase exports, the terms of trade of natural resources, and natural resources and climate change.

Therefore, since the inception of multilateral institutions the planning of raw material production and food became determinant for the world economy prosperity. The future of humankind depended on the developing countries decisions about production, export, and conservation. In the present, this is represented in the topic of sustainable development, and nowadays such research is carried out within the framework of climate change. The natural resource is a matter of analysis and centre of power intervention.

⁶⁶⁷ UNESCO 1950:xvii

4.4 Latin America in the G77, a practice that favours neoliberalism

This chapter presents the relationship between neoliberalism and the Latin American decision of taking part in the G77 at the UNCTAD I. In a general context, it illustrates how Latin America took part in the G77 as a response to its (neo)liberal rationality aimed to promote the expansion of markets. Latin American practices oriented to deal with other states in the international trade acquired a neoliberal rationality as a response to the neoliberalisation of international institutions. Latin America joined the G77 to reinforce the idea of “developing country”, which at the same time enhanced the differences between countries according to their level of industrialisation. This differentiation strengthened the need for development, and encouraged Latin American governments to compete for new markets. It promoted the export of natural resources required for international markets to keep the expansion of trade, which is one aim of neoliberalism.

Previous chapters explained how shortage of raw materials during and after the world wars led, to some extent, the establishment of a police of development. This police promoted the surveillance of the developing country, while also assuring the availability of raw materials in international markets. This chapter explains how the Latin American involvement in the G77 was linked to neoliberalism, as the rationality of government.

The introductory chapter explained why the economic system is important to give life to neoliberalism. Now, in order to understand how it started at the UN and in Latin America this chapter explains the relevance of the competition mechanism.

Neoliberalism, at domestic and international level, does not emerge as a mechanical process, it emerges as an economic system that is practicable in an institutional framework only, which creates the conditions for its own survival.⁶⁶⁸ This economic system has three parts. One part is a legal-economic framework that enables governments to intervene in social institutions to re-create capitalism. The second part is

⁶⁶⁸ Foucault, 2008:160

a legal interventionism as a consequence of the legal-economic intervention. And the third part is the increase of legal procedures.⁶⁶⁹

This framework enables the manipulation of the economic order through formal principles in which economic agents are able to decide freely in markets,⁶⁷⁰ and can be established at domestic and at international level. At international level, the establishment of multilateral systems after the Second World War meant the establishment of new practices of power and knowledge that were integrated into the international structure.⁶⁷¹ For example, the outbreak of communism in Western Europe implied a change in the practices of the Bretton Woods System. Institutions such as the WB and IMF changed their strategies for international aid and became more surveillant of the international market and domestic policies.

Problems arose when some countries that were eligible for financial support from the IBRD and the IMF (mainly from Europe) started to develop a rationality outside the model promoted by multilateral institutions. The US, the main financier of the system and strong supporter of liberalism, decided to impose restrictions on those countries.⁶⁷² The international economic crisis brought the need to establish new rules for the international aid. For example, Kahler⁶⁷³ affirms that after the Second World War developing countries that wished to participate in multilateral negotiations or join the IMF and the IBRD were compelled to sign the General Agreement on Tariff and Trade (GATT).

States were called on by the international community to reject collectivistic ideologies, and international surveillance got underway. The international system was in place, under the embedded liberalism.⁶⁷⁴

This new system implied a new interaction among states and a new perception of state power.⁶⁷⁵ In fact, the new practices implemented after the war influenced the liberal principles of international institutions and how these would promote interaction among

⁶⁶⁹ Foucault, 2008:129-59

⁶⁷⁰ Foucault, 2008:159-62

⁶⁷¹ Aalberts, 2012

⁶⁷² Kahler, 1992

⁶⁷³ Kahler, 1992

⁶⁷⁴ Harvey, 2005; Peck and Tickell, 2002; Tickell and Peck, 2003; Helleiner, 2006

⁶⁷⁵ Aalberts & Wegner, 2011:2189

countries. Helleiner⁶⁷⁶ claims that ‘the ‘embedded liberal’ vision of Bretton Woods was in fact first put forward in the context of US–Latin American financial relations in the 1938–42 period, and that this experience influenced the subsequent Bretton Woods negotiations’.

The post-war economic system that spread market-friendly policies after the 1970s,⁶⁷⁷ also drove the deployment of neoliberalism (embedded liberalism) in Latin America. Its legal system allowed neoliberals to create a new capitalism, one under the mechanism of competition.

Neoliberalism is a liberal rationality in many aspects, except in its mechanism of veridiction. Mechanisms of verification in neoliberalism are not so different from the liberal ones; the major differences between them are the fundamentals of market mechanisms. Thus, while the veridiction in liberalism was based on the mechanism of prices, in neoliberalism the veridiction was based on the mechanism of price under a competition.⁶⁷⁸

This change of the veridiction mechanism was because liberals realised through an historical analysis of economic phenomena that the mechanism of price is determined by a factor inside markets that enables it to work correctly. This factor was the market competition and they believed it should be promoted by the state.⁶⁷⁹

According to Foucault,⁶⁸⁰ competition is an ‘essence’ of the internal structure of neoliberalism. It only shows its effects if markets respect the logic of inequality. Given that competition does not appear as primitive data in free markets, the neoliberal rationality should seek and promote competition. The neoliberal interest is to install competition mechanisms at all levels of the society, and because of the globalisation of markets, this competition should also be installed at international level. The final aim is an always continuous market, and, consequently, a continuous availability of natural resources. Foucault affirms:

⁶⁷⁶ Helleiner, 2006:943

⁶⁷⁷ Fourcade-Gourinchas & Baab, 2002:3

⁶⁷⁸ Foucault, 2008:147

⁶⁷⁹ Foucault, 2008:160

⁶⁸⁰ Foucault, 2008:120

So, what does [neoliberal government] want to do in relation to this society that has now become the object of governmental intervention and practice? It wants, of course, to make the market possible. To play the role of general regulator, of principle of political rationality, the market must be possible.⁶⁸¹

The main aim of neoliberalism is to promote competition. To do this, neoliberalism cannot intervene in the market but, instead, it can intervene in the institutions that sustain it. Under the rule of law, the neoliberal government can only intervene in elements that affect the market, but it can never intervene in the market itself to achieve its economic rationality. This means that the state in neoliberalism can act whenever needed if this responds to the competition mechanism (the neoliberal mechanism of veridiction). Foucault states:

Since this [neoliberalism] is a liberal regime, it is understood that government must not intervene on effects of the market. Nor must neoliberalism, or neoliberal government, correct the destructive effects of the market on society, and it is this that differentiates it from, let's say, welfare or suchlike policies that we have seen [from the twenties to the sixties]. Government must not form a counterpoint or a screen, as it were, between society and economic processes. It has to intervene on society as such, in its fabric and depth. Basically, it has to intervene on society so that competitive mechanisms can play a regulatory role at every moment and every point in society and by intervening in this way its objective will become possible, that is to say, a general regulation of society by the market.⁶⁸²

In international trade, the neoliberal structure dictates to states what they should or should not do in a pre-determined framework, but the market is not corrected as a function of the effects. GATT settled rules that cannot be changed and that should be known by all in international trade; however no one knows the final economic outcome for the implied states. Accordingly, the concept of development emerged as a way to influence the international market without intervening directly. This need for development, facilitated by the inception of multilateral institutions, was also promoted and reinforced by Latin American countries and its support to the establishment of the G77.

⁶⁸¹ Foucault 2008:147

⁶⁸² Foucault 2008:145

The neoliberal rationality was oriented to promote the differentiation of states and the idea of development. As was explained above, due to neoliberalism's aim to expand international trade based on liberal principles, its practices trigger the surveillance of non-industrialised states. This surveillance - police of development - also promoted competition among states.

Neoliberalism as a political rationality is interested in the implementation of mechanisms of competition at all levels of the society, even in the control of raw materials exchange. Foucault states:

The society regulated by reference to the market that the neo-liberals are thinking about is a society in which the regulatory principle should not be so much the exchange of commodities as the mechanisms of competition. It is these mechanisms that should have the greatest possible surface and depth and should also occupy the greatest possible volume in society. This means that what is sought is not a society subject to the commodity effect, but a society subject to the dynamic of competition.⁶⁸³

The aim of neoliberalism is the protection of market competition, no matter the social cost. Neoliberalism transformed liberalism when the theory of pure competition was changed into a structure with formal properties that guaranteed economic regulation.⁶⁸⁴ Competition in markets is the reason neoliberalism seeks regulation; neoliberalism means surveillance, an active and permanent intervention inside and outside government,⁶⁸⁵ such as the police of development that was raised because of Cold War contingency. In the words of W. Lippmann Colloquium quoted by Foucault, neoliberalism is a positive liberalism, and hence a surveillance liberalism. Neoliberalism, according to authors cited by Foucault:

It is a liberalism about which Röpke, in the *Gesellschaftskrisis*, which he published shortly after the Lippmann colloquium, says: "The free market requires an active and extremely vigilant policy." In all the texts of the neo-liberals you find the theme that government is active, vigilant, and intervening in a liberal regime, a formula that neither the classical liberalism of the nineteenth century nor the contemporary American anarcho-capitalism could accept. Eucken, for example, says: "The state is responsible for the result of

⁶⁸³ Foucault 2008:147

⁶⁸⁴ Foucault, 2008:120-1

⁶⁸⁵ Foucault, 2008:95-6

economic activity”. Franz Böhm says: “The state must master economic development.” Miksch says: “In this liberal policy”—and here the phrase is important “there may be as many economic interventions as in a policy of planning, but their nature is different.”⁶⁸⁶

The government is called to refrain from any change of the competitive situation as it exists, and to avoid introducing elements that may distort competition. Consequently, although in eighteenth century liberalism the market economy was *laissez-faire*, in neoliberalism, competition was established as the essential economic logic. Foucault argues:

[...] the state must therefore refrain from altering the existing state of competition and carefully avoid introducing elements that will alter this state of competition through phenomena of monopoly, control, and so forth. At the most, it must intervene to prevent competition being distorted by phenomena like monopoly, for example⁶⁸⁷.

For example, given that companies compete in the international market, the protection of private property has been a fundamental part of the neoliberal state, with the aim of promoting the productive and ensuring that investments receive their expected income. Foucault again:

[...] the state was called upon to intervene in production in the sense that liberal economists in the middle of the eighteenth century said that when you produce something, that is to say, when you are investing work in something, it is necessary that everyone respects the individual ownership of what is produced. It was for this, the necessity of private property for production, that state authority was demanded. But the market must be a cleared space free from intervention.⁶⁸⁸

Market competitiveness only appears therefore as a result of an active governmentality that the state produces at domestic and international level, such as the police of development exercised over developing countries. Since the implementation of the current economic system, the state governs for the market and not because of the market, and its aim is competition.

The low level of industrialisation of Latin American countries and their capacity to trade successfully internationally define those governments as less competitive. This

⁶⁸⁶ Foucault 2008:133

⁶⁸⁷ Foucault 2008:119

⁶⁸⁸ Foucault 2008:118

discourse is reinforced through the G77. The differentiation of states and the low level of industrialisation meant that Latin America was considered inferior in comparison with industrialised countries despite its richness in natural resources.

Given that measures to keep full employment detached from international trade were part of the establishment of IBRD and IMF,⁶⁸⁹ and that tariff concessions for development were not implemented because of the ITO's failure, the industrialisation and economic growth of Latin America were dependent on domestic political measures to achieve progress. Thus, the Latin American government faced these restrictions on economic growth. The competitive state must be constituted by an educated and skilled labour force that produces enough technical innovation to increase exploitation of natural resources, and Latin America was not that. Under the international circumstances defined by GATT, only the most powerful states were able to keep their welfare and increase their competitiveness.⁶⁹⁰

The power of industrialised countries over the multilateral structure and its negotiations allowed them to impose political technologies on other states. Poor states had to accept imposed trade conditions no matter the impact on their economies. For example, the lack of power of Latin America over the management of the international system in the Habana conference pushed regional states to seek enrichment through improvement of commodity trade mechanisms and by increasing export of raw materials to achieve industrialisation.⁶⁹¹

The situation that produced international inequality also implied encouragement of more international competition for markets, and, accordingly, better conditions for the expansion of trade, which was desirable for the neoliberal rationality. In this context, the shifting from liberalism to neoliberalism (embedded liberalism) in the inception of international institutions meant that the balance of power among participating states in the multilateral system should be according to their level of industrialisation. This means that the power exercised in the beginning of neoliberalism was related to the creation of

⁶⁸⁹ UNCTAE b, 1948:123

⁶⁹⁰ Steinberg, 1995

⁶⁹¹ Santos, 2016

differences among states, the labelling of countries according to the level of industrialisation.

Therefore, it seems clear that the need for industrialisation and the idea of development are more a political form than an economic one. Governmental efforts to increase competition through the reinforcement of development were linked to international neoliberal interests in ensuring the availability of natural resources without direct interference. The interests of Latin American countries in the promotion of development of non-industrialised countries made countries compete, and consequently, keep raw materials available in international markets.

The international practices that reinforced the need for development also implied domestic practices were required to support the international need for the expansion of markets. The practice of coalescence promoted the need for development at the first UNCTAD, but at the same time produced the need for improvement of internal capacities to increase export of raw materials and to achieve industrialisation. The exploitation and export of natural resources was the political basis of the Latin American participation in the G77.

The Latin American decision to take part in the G77 was related to the neoliberal requirement of expansion of markets and the interaction of Latin American government with it. Their participation in the G77 was intended to promote competition through the reinforcement of differences. In fact, despite the adoption of neoliberalism in Latin America at domestic level coming after the establishment of the G77, that neoliberalisation started with its need to fulfil the requirements of international intuitions and its own need to be part of the mutual enrichment. This need is linked to the liberal history of Latin America.

Historically, different ideologies have tried to conquer the world since the Second World War. Latin America had a liberal past, however, and ideas of mutual enrichment were very important for Latin American territories. Liberal ideals promoted Latin American aspirations to take part freely in international trade and accordingly triggered

its independence. Liberal rationality was also the basis of Latin American support for the inception of multilateral institutions.⁶⁹²

However, at the end of the nineteenth century liberalism started to die due to the decline of the European Concert that had enabled continuous international trade through Europe without large-scale wars. Economic conflicts related to the increase of protectionist barriers and the consequent end of laissez faire promoted disagreement among states that culminated in the Great War. According to Polanyi⁶⁹³ the outbreak of the Great War reflected the crisis of the liberal rationality that would generate a re-evaluation of liberalism and lead eventually to embedded liberalism (neoliberalism). According to Ruggie:

The task of postwar institutional reconstruction, as Nurkse sensed, was to maneuver between these two extremes and to devise a framework which would safeguard and even aid the quest for domestic stability without at the same time, triggering the mutually destructive external consequences that had plagued the interwar period. This was the essence of the embedded liberalism compromise: unlike the economic nationalism of the thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism.⁶⁹⁴

Latin America during the world wars and, in accordance with its liberal principles, had the impression that increasing its participation in international trade was enough to improve its economic conditions. In fact, during the world wars Latin American countries, like other natural resource producers, had a period of economic prosperity due to increased imports/exports to the US.⁶⁹⁵ However, at the end of the war these increases did not become an increase in economic growth, but rather economic conditions in many states declined significantly.⁶⁹⁶

This difficulty Latin American governments faced in achieving economic growth, despite the increase in raw material exports, led them to seek explanations for their failure. The primary responsibility for the backwardness was found to be the liberal international structure of trade based on the theory of comparative advantages. In the first document

⁶⁹² Santos, 2016

⁶⁹³ Polanyi, 1944:12

⁶⁹⁴ Ruggie 1982:393

⁶⁹⁵ Santos, 2016

⁶⁹⁶ UN CEPAL, 1950:34; UN ECLAC, 1949:64-7

of the ECLA in which an evaluation of the economic situation in Latin America was made, Prebisch stated that the international division of labour limits the regional economic growth of states producer of natural resources.⁶⁹⁷

The discourse of Latin American governments was that prices of commodities in international markets do not act in the same way as industrialised products.⁶⁹⁸ Hence, Latin America was not taking part in the mutual enrichment that liberalism offered, it was condemned by the international system to be the “periphery” of the industrial world. Latin American governments realised that the only way to improve their economic conditions to achieve industrialisation was through a change in the international structure settled in the rules about trade, but these rules could not be interfered with. Commodity prices could not be the guide of international trade because their terms were not beneficial for the region.

With the outbreak of the Cold War the US became the leader in the establishment of a new kind of political rationality in international trade, the capitalist one. Latin American governments found themselves in the middle of two political camps that forcing them to align liberal rationality with that proposed by the US.

The contingency in which embedded neoliberalism was being integrated into multilateral institutions and given the capability of these institutions to influence national economies meant that the balance between domestic and international political technologies of government and its compensation mechanism was affected and became the opposite of liberalism. Indeed, internal political technologies in liberalism were grouped in the “police of state” and the international ones in the “mutual enrichment”.⁶⁹⁹ In neoliberalism, the group of internal political technologies was called by Foucault the ‘Society regulated’;⁷⁰⁰ and the group of external political technologies was called “global development”. Global development was the aim of a world with different kinds of states, developed and underdeveloped ones, and the only way for Latin American countries to address improvement of their condition was through multilateral negotiations at the UN conferences.

⁶⁹⁷ UN ECLA, 1948:xvii-xx

⁶⁹⁸ See for example: UN ECLAC, 1952:114-41; UN ECLAC, 1953:44-68; UN ECLAC, 1954:60-5

⁶⁹⁹ Foucault, 2008:54

⁷⁰⁰ Foucault, 2008:147

Thus, government was limited at international level by international institutions, while at domestic level, the power of the state became unlimited. Particularly, in the *Raison d'État* the natural law, represented by the theory of law and legal institutions, was the compensation mechanism of the “state police”.⁷⁰¹ The ‘law provides the basis for anyone who wants to limit in one way or another this indefinite extension of *Raison d'État* that is becoming embodied in a police state. Legal theory and judicial institutions no longer serve as the multiplier, but rather as the subtraction of royal power’.⁷⁰² The natural law that is outside government promoted the birth of fundamental rights that opposed the governmental rationality. Thus, in the *Raison d'État* state power was limited by ‘juridical reason’.⁷⁰³

Polanyi⁷⁰⁴ also identified this orientation to the market with the emergence of liberalism. He stated that in the last centuries, most concretely in the nineteenth century, a new civilisation appeared, based on a self-regulating market that he called liberalism. In this civilisation the state played a fundamental role because it deployed regulation over the market. Polanyi suggested that the liberal civilisation was formed by four main institutions: two at national level and two at international level. The two institutions at national level were the self-regulating market, which produced material welfare of state; and the liberal government, which was a creation of the self-regulating market. The two institutions at international level were the balance-of-power system, aimed at preventing long and devastating wars between the Great Powers that would interrupt trade; and the international gold standard, which symbolised a unique organisation of the world economy. Taking up the Foucauldian idea of political technologies, it is possible to say that Foucault understood the two institutions proposed by Polanyi at national level in a similar way: for Foucault, the liberal state (created, according to Polanyi, by the self-regulated market) depends on a political rationality of state dominated by a political economy characterised by the defence of self-regulating markets (*laissez faire*) to promote mutual enrichment of states.

⁷⁰¹ Foucault, 2008:1-17

⁷⁰² Foucault, 2008:8

⁷⁰³ Foucault, 2008:9

⁷⁰⁴ Polanyi, 1944:64-78

The state power at international level started to be limited by the neoliberal rationality. With the creation of the UN and the Breton Wood system, the international legal structure subtracted the power exercised by states and promoted the birth of fundamental rights of the population of the world, promoting the need of development as the way to improve economic conditions of the human kind.

In neoliberalism international legal theory has been oriented to subtract the power exercised by powerful states over multilateral institutions. Likewise, this natural law promoted the birth of fundamental rights of the population of the world, promoting the need of development as the way to improve economic conditions of all humankind. The change of the international legal-economic framework due to the emergence of neoliberalism would be decisive for Latin American government in international affairs.

The trade condition implied that governments in Latin America should change internal policies in order to retain economic growth. The international economic system pushed Latin American states to adopt practices aligned with neoliberalism.

Regarding embedded international liberalism in Latin America, the ECLA and the knowledge it produced played an important role. Foucault⁷⁰⁵ explains that in neoliberalism the economic process must not be understood as a natural mechanical process, but rather an economic process should be conceived as a “system” that involves economic processes and a history which gives them sense. This economic system cannot be analysed by economic theory because there is no pure economic theory in the history.⁷⁰⁶

The Latin American government, sustained in the knowledge provided by the ECLA, acquired its own economic strategy, one for non-industrialised states. This strategy, adapting itself to the multilateral structure, formed a neoliberalism based on the local need of industrialisation. Indeed, Latin America through the ECLA researched its own economic history, and this history enabled it to build a system to protect raw materials markets and to achieve industrialisation.

Neoliberalism, as a liberal regime, is able to settle new capitalisms using a specific historical and institutional framework. To do this, neoliberalism does not change the legal

⁷⁰⁵ Foucault, 2008:120-3

⁷⁰⁶ Foucault, 2008:103

structure of markets, but instead, seeks to change the institutions that regulate the society. Each of these capitalisms is composed of a particular institutional-economical set. Foucault affirms:

The task of postwar institutional reconstruction, as Nurkse sensed, was to maneuver between these two extremes and to devise a framework which would safeguard and even aid the quest for domestic stability without at the same time, triggering the mutually destructive external consequences that had plagued the interwar period. This was the essence of the embedded liberalism compromise: unlike the economic nationalism of the thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism.⁷⁰⁷

The ECLA was essential in the development of neoliberal rationality because it defined Latin American economic history, verifying the non-industrial state. The model of industrialisation by import substitution (ISI) was the transitional process from liberalism to neoliberalism in Latin America⁷⁰⁸ and it allowed the emergence of the possibility of taking part in the G77.

From Foucault it is particularly possible to conclude that at national level a capitalist system can be created to promote and protect competition. In German liberalism⁷⁰⁹ (ordoliberalism), Foucault⁷¹⁰ states that capitalism is a process influenced by history; capitalism is a construct. Hence, capitalism is historically singular, meaning that price mechanism is not a natural mechanism and capitalism is not a pure economic process. The history of capitalism is an economic-institutional history and, consequently, the history and its reality are crucial in the creation of neoliberalism.⁷¹¹ Through the history it is possible to create a specific economic theory that could be recreated over and over again. This historical reality will transform capitalism into a historical institutional capitalism.

The historical context established by Prebisch in the ECLA, evident in the *The Economic Development of Latin America and its principal problems*, explains historically why Latin America is “different”, and why it cannot achieve development in the established

⁷⁰⁷ Ruggie 1982:393

⁷⁰⁸ See: Santos, 2017

⁷⁰⁹ See: Megay, 1970

⁷¹⁰ Foucault, 2008:159-85

⁷¹¹ Foucault, 2008:165

multilateral system. In this text, it is possible to find foundations of industrialisation as the basis of Latin American state legitimacy in the neoliberal rationality. Concretely, the introduction states:

In Latin America, reality is undermining the out-dated schema of the international division of labour, which achieved great importance in the nineteenth century and, as a theoretical concept, continued to exert considerable influence until very recently. Under that schema, the specific task that fell to Latin America, as part of the periphery of the world economic system, was that of producing food and raw materials for the great industrial centres. There was no place within it for the industrialization of the new countries. It is nevertheless being forced upon them by events. Two world wars in a single generation and a great economic crisis between them have shown the Latin-American countries their opportunities, clearly pointing the way to industrial activity.⁷¹²

To understand how historical studies could be used to support capitalism for non-industrialised countries, it is necessary to understand Latin American interest in knowledge of underdevelopment and their subsequent participation in coalitions. Latin American governmental history has a different economic history from European government. The neoliberal government of a non-industrialised state must therefore be different from the neoliberal industrialised state. This knowledge is the basis of the discourses of Latin America through coalitions, and it deepens the differences among states.

Thus neoliberal precepts, such as market competition, supported the differentiation of states while the desire of the neoliberal Latin American governments to achieve development through industrialisation led them to make available raw materials in international trade, this being perceived as the solution to the problematisation of global natural resource availability. Latin American governments reacted to international neoliberalism by establishing a new political practice to interact with other states. This included taking part in the G77.

The conscious economic system of neoliberalism created an institutional framework inside and outside of government to promote competition and to give life to the truth of markets. The participation of Latin America in the G77 was no more than a

⁷¹² UN ECLA 1950:1

technology of neoliberal governments that promoted global development to limit the international power of states at international level, and accordingly to ensure the competition of states that allow mutual enrichment.

The multilateral institution created by neoliberalism shall have among its roles the homogenisation of different kinds of neoliberal rationality around the world, based on the idea of global development. The development was the objective of external political technologies of government under the neoliberal rationality. The idea of development was the aim that guided the foreign practices of Latin American states, so coalitions responded to this idea, reinforced this idea, and maintained this idea as an ideal to be achieved.

Political calculation around development is relevant to understanding the relationship between industrialised states and Latin American non-industrialised states in the neoliberal period, and consequently, their participation in coalitions. This is because the multilateral structure understood the Latin American state as a different kind of state, a state that had the role of raw materials producer and consequently that was not able to achieve mutual enrichment. The Latin American state was conceived as merely a provider in the international structure.

Therefore, the discourse of coalition around opposition to the multilateral structure came linked to this role of raw material producer, because Latin American governments did not have the same opportunities to trade in international markets, and consequently their capacity to achieve their governmental rationality, the development, was limited.

However, this development through industrialisation promoted through the coalition could not be achieved, because the achievement of industrialisation decreased the availability of raw materials in international markets, a critical factor of neoliberalism. Therefore, the Latin American government taking part in coalitions of developing countries in the UN conferences, such as the G77, is a practice that supports neoliberalism

In this context, global development as the political technology of neoliberalism at international level was assured by the availability of raw materials. Latin America was available to offer these natural resources because its exports of natural resources implied its access to the funding needed to achieve industrialisation. The control provided by the

police of development, which was supported and promoted by coalitions and accordingly utilised by Latin American states, was the way in which the multilateral structure influenced international trade, avoiding price control. The police of development, promoted by Latin American states, affected their exports of raw materials around the world.

Participation in coalitions such as the G77 emerged in a contingency in which there is a shortage of raw materials, and international concern regarding capacities of low-industrialised states to achieve their purpose, producing raw materials. At the international level, both kind of countries, industrialised and non-industrialised, need options to ensure the availability of raw materials to trade, and this was done by protecting development in international negotiations through coalitions.

The first UNCTAD was the chosen place. Here, Latin America searched for development through its participation in coalitions of developing countries and at the same time, it sought the stability of the whole neoliberal system. Latin America accepted the role of raw material producer, and became available to support global enrichment, but also through coalition pursued the opportunity to partake of this enrichment; industrialisation was of course the key to this. The Latin American role in the first UNCTAD and participation in the establishment of the G77 were the expression of this interest. The discourse of Latin America through the G77 about to transform GATT was not against the multilateral structure and neoliberalism, but rather seeking better conditions in the production of raw materials to avoid the collapse of the underdeveloped state. If this new state “in development” should fail, all the liberal system would fail.

Given the power of industrialised states over multilateral institutions, these states had the option to avoid the establishment of coalitions, but on the contrary, the organisation of the UN promoted this association through its structure. The participation of Latin American countries in a coalition was effective for the international structure anyway because this coalition promoted the eternal promise of a great future through development and cooperation among states.

In the present, the neoliberal purpose of the Latin American practice of taking part in coalitions plays the same role as in the past. These objectives are the promotion of categorical differences among states and the protection of raw material availability for

international markets. For example, an important issue stated in declarations of the G77 is the explicit re-affirmation of the key Principle of Common but Differentiated Responsibilities, which reinforces differentiation among types of states. Likewise, the need to defend aid for development is commonly reaffirmed, allowing influence on international markets without directly intervening in them.

However, it is possible to observe some changes at international level that should be evaluated in current negotiations to explore participation in coalitions more deeply. Firstly, development sought by states has become “sustainable development”, which probably responds to a neoliberal reorganisation at international level in the 1990s, linked to the end of the Cold War. Likewise, some Latin American countries have changed category in the international differentiation of states; Brazil for instance is now an “emergent economy”, a status linked to its size and natural resources. It is not the scope of this research to explain these changes, but it is clear that shifting to sustainability is a modification of capitalism to sustain neoliberalism, and Brazil’s new category is related to a better price of raw materials at international level. These changes are in turn linked to international inconveniences in achieving agreement in some international negotiations.

Finally, in climate negotiations, Latin America is still part of the G77, seeking concessions for development, and the structure of states is organised according to their level of industrialisation. Natural resources must be protected to sustain continuous international trade, that then allows mutual enrichment. In this new context, Brazil performs a different role from other Latin American countries; it is an enormous country in comparison with others. Because of its immense capacities Brazil is a state that can enrich itself in global development. Nowadays it has the ability of enrichment in the neoliberal system, like other BRICS countries. Therefore, when these states oppose global agreement about emissions they are not against use of their resources, but rather are against the restriction of the exploitation of resources from countries of lower industrialisation than them. An illustration of this is “support” and “concern” for African nations because these can give the necessary resources for their growth.

5. CONCLUSIONS

The understanding of Latin American countries' participation in the G77 has remained unchanged over time, and has been related to regional desires to reform the international economic system that is understood to be unfair.⁷¹³ Thus, in the literature it has commonly been said that the Latin American countries coalescence in the G77 is the result of particular experiences related to the failure of the ITO and the imposition of GATT,⁷¹⁴ as well as volatility in commodity markets, the legacy of colonialism, and the lessons provided by the nineteenth and twentieth centuries on trade policy.⁷¹⁵ Latin American involvement in coalitions of developing countries has been explained by the need to promote the development of developing countries, which has been undermined by neoliberal trends in the hands of the developed countries that lead the world.

This study, through the use of Foucauldian methods, has proposed an alternative understanding of the Latin American participation in the G77. Thus, it has shown that Latin America in the G77 at UN conferences is part of a neoliberal *dispositif* that reinforces “developing country” as a category of country different to the “developed country” at international level. This differentiation of countries, due to the needs of an international structure triggered by the idea of comparative advantage, also sought to respond to the international problematisation about access to natural resources after the world wars.

This neoliberal *dispositif*, the result of a primordial neoliberalism that sought the intensification of economic regulation through the construction of new institutions to keep the economic stability and peace,⁷¹⁶ also sought the expansion of markets to ensure the mutual enrichment of states. In this context, it is important to clarify that this research does not claim that neoliberalism is behind the decision of Latin America to join the G77; here the point made is that the neoliberal need for expansion of international markets uses the G77 as a good vector to promote the idea of the developing country, an idea that arose

⁷¹³ Hertz, 1999; Hellsten, 2009; Costa, 2012; Pautasso & Iankowski, 2013; Agarwal, Besada & White, 2010; Mokoena, 2007

⁷¹⁴ Narlikar & Tussie, 2004; Narlikar & Odell, 2006

⁷¹⁵ Scott, 2010

⁷¹⁶ Harvey, 2005

with the knowledge produced in Latin America itself. This knowledge helped to build the structural framework that defines underdevelopment.

Thus, it was explained that the differentiation of countries that appears in liberalism, turns into a duality of industrialised and non-industrialised countries in international discourse after the independence of Latin American countries and the beginning of neoliberalism. Actually, the Latin American territory that emerges as new countries in the liberal period produces only raw materials due to their Spanish and Portuguese colonial pasts. This region, that as colonies had the task of ensuring continuous commodities provision to international markets, acquired the role of non-industrial producer. The division of countries according to their industrialisation is a first stage in the subsequent North-South division at UN negotiations

The differences among states, promoted by the G77 and reinforced by the knowledge produced by the ECLA in Latin America, helped to configure the international structure under the neoliberal rationality of government, which defines development as a way of international surveillance. In this neoliberal structure, the developed country is the leader of the international system and the developing country is the eternal follower of development that produces raw materials for export. Hence, the definition of the developing country as a different state provides at the same time the definition of what it means to be a “developed state”. The developing country produces natural resources while the developed state is the producer of capital.

In this context, there is a clear interaction between the international system and the G77 that allows its continuity. On the one hand, the Latin American practice of taking part in the G77 at the UN reinforces the idea that the non-industrialised country needs support from the international system to achieve development as well as the need of a restructuration of the international economic system. While on the other hand, the division that triggers the G77 as a representative of developing countries promotes the need for development in order to maintain a continuous system to export natural resources, which allows economic growth at national level and sustains the commodity trade at international level.

Supporting the differentiation of countries, the G77 is interested in the continuity of the system. This explains why Latin American in the G77 was not deployed in the negotiations of GATT. The G77 is backed by the international community because it supports the international system structured around the idea of development, and nowadays around the idea of sustainable development. International organisation needs the stratification of countries as a form of global structure.

The history of the beginning of Latin America in the G77 shows that this practice is not part of a phenomenon that only responds to international events, but is rather the result of a line of thinking that sought to solve the global problem related to the availability of raw materials. This need for knowledge about natural resources is connected with the beginning of neoliberalism, the period also known as embedded liberalism.

This study argues that the differentiation of countries is part of a power/knowledge structure that is closely related to the arising economy of development and the emergence of the neoliberal rationality of government within the multilateral structure. The knowledge built to solve the Latin American need to improve their terms of trade in an international system ruled by GATT is what supports a structure of power that organises countries worldwide, and categorises states to protect the continuous production of raw materials. This knowledge came from the political economy of development produced in Latin America by the ECLA, with theories about dependence. This knowledge has been supported by several theories produced in the region, such as the development theory addressed by this study.

Likewise, this research claims that the Latin American participation in the G77 implied the deployment of a starting seed of neoliberalism in Latin America. In the study it is claimed that the emergence of neoliberalism at international level, represented by the establishment of international institutions to restore and protect markets, fostered the emergence of a Latin American neoliberalism. Indeed, given that Latin American countries had early participation in multilateral institutions, they were the first developing countries to be exposed to neoliberal requirements and the need of a change in their governments to achieve the challenge.

This proto-neoliberalism adopted by non-industrialised countries in their contact with international trade responds to international differences in labour productivity between industrialised and non-industrialised countries. Through the G77, Latin America captures this Ricardian theoretical system and pushes to institutionalise the differentiation of states according to their natural resources production. The distinction of productive roles stated by Ricardian precepts of the labour theory of value, and implemented in the liberal rationality, reinforces this competition of countries at the global level. Competition is the objective of neoliberal practices at international level. The international competition between developing countries for raw materials markets is an important part of the mechanism that ensures the possibility of global economic growth, and the Latin American government in its international objective tries to sustain the competition among states using the need of development.

Consequently, this research shows that despite Latin America discourses through the G77 seeming to oppose the international economic structure, the region has been an important part of the process of the neoliberal establishment at international level, helping its deployment. The developing country, like a category adopted by Latin America that seeks a better condition of trade for commodities at the UN negotiations through coalitions, has been fundamental to sustain the neoliberal rationality. Every institution is produced by discourses,⁷¹⁷ so, the first structure gives the meaning of each country and this marks the beginning of exclusion. Discourse has the capacity to naturalise,⁷¹⁸ so the discourse about development creates the underdeveloped state. The discourse that creates differentiation of countries is taken as a truth and is not called into question.

The establishment of the G77 with Latin American involvement responded to the beginning of multilateral institutions. The categorisation of countries reinforced by the Latin American coalescence is related to the inception of multilateral institutions that have promoted the segregation of states since their very beginning. In fact, despite the UN defining all states as equal, it enacts the first specific differentiation of countries in the creation of the Security Council and an inexplicit categorisation in the organisation of groups in the UN General Assembly.

⁷¹⁷ Pahuja, 2000

⁷¹⁸ Pahuja, 2000

This appreciation is according to William⁷¹⁹ who claims that ‘if the structural differences in the international political economy identified the possibility of a coalition, international organisations provided the process whereby coalition formation became a distinct possibility’. This perspective allows understanding of the multilateral institution as a structure that deploys neoliberalism. This perspective accords with ideas established by several authors⁷²⁰ who claim that multilateral institutions has been a form to deploy neoliberalism.

Likewise, an important point is the fact that the differentiation was made from the very beginning of neoliberalism. According to Vrasti,⁷²¹ ‘the subject is always that which is already born of its origins’. The institutional idea of the developing country was born with the new structure, hence, it is defined within a hierarchy of countries and this structure is not easy to change.

Given the need for developing countries as a category in the international system and the need for discourses about them, why is there a discourse that opposes developed and developing states? Is this categorisation useful to solve the problems of development? Does the strategy of defining differences and opposition adequately describe the current international system? It seems that the distinction and awareness of differences among states do not allow a real dialogue to solve the development; on the contrary, this differentiation intensifies and reaffirms the need for a structure that should monitor development, a police of development. This police is the means by which the international community executes power (surveillance) over raw materials producing countries, through the idea of development.

The result of this research about the limitations on trade and control of natural resources exploitation invites new research to follow about the factors that trigger the need of non-industrialised governments to increase their control over populations in order to achieve economic growth. This means to look deeply at the balance between international neoliberal practices and domestic ones. Indeed, given the limitation of government power at the international level and the fact that governments have to take care of their

⁷¹⁹ William, 2005

⁷²⁰ Cox, 1992; Ruggie, 1982; Harvey, 2005

⁷²¹ Vrasti, 2013

populations because of the limited movement of people, this balance, or imbalance, could be causing a reinforcement of differences that promotes competition, the basis of neoliberal rationality. In this context, Foucault states that the powerful countries in neoliberalism could take better care of their populations, allowing for better competition, while others must compete on unequal terms.

The formation of governmental rationality in developing countries, and its relation to the multilateral structure, provides an interesting point of analysis for the future. For example, exploration of the relationship between the development of international neoliberalism and the beginning of governmentality at domestic level could yield important results. Indeed, unlimited governmental power over their populations is linked to the fact that the international power of states has been limited due to their involvement in multilateral institutions.

The results of this research can also be useful to deepen the understanding of current Latin American coalescence with developing countries. For example, in Brazilian participation in the BASIC group to address climate change negotiations it is possible to appreciate a most explicit differentiation of countries. In the UNFCCC, countries are placed into categories to address climate change responsibilities, and accordingly these negotiations have introduced more labels for states. The process of categorisation of countries in present times has become increasingly efficient. Nowadays, the international community has categorisations regarding the size of populations such as the emergent economy, or of industrial backwardness such as Central American countries. These kinds of state take a particular status in international negotiations and become part of a specific coalition. Knowledge about climate change has had the greatest impact on deepening the differentiation among countries.

For example, it is possible to think that climate change as a bargain arena does not seek to create a relationship among equal states. But, rather, it would seek to strengthen the differences of countries. Indeed, in the UNFCCC countries are organised into Annex I and No-annex I. Climate change negotiations institutionalise categories of states. Climate negotiation stabilises the differentiation and reinforces it as a form of analysis. In fact, the new interdependence that can be glimpsed in climate change with the debate about “common but differentiated responsibilities”, reinforces rather than

reduces the gap between the powers of states involved. The North and the South differentiation in climate change negotiations claims that there will be no equality between countries, and these will be considered as different in their roles worldwide. The United Nations has encouraged and promoted the stratification of states since its establishment. The UNFCCC has institutionalised the differences, defining countries, different contexts.

Regarding methodological aspects, this study presented new approaches to the use of Foucauldian methods in international relations. For example, this research is in opposition to studies in which the Foucauldian notion of governmentality is extended to the international sphere. For instance:

Foucault's conception differs from both IR realism and the variants of this view noted above, primarily in that he does not see governance as being either the actions of government, transnational regimes or the behaviour of firms, but rather as a series of practices emanating from diverse actors in society. Governmentality, when applied to the 'economic' and the 'global social', situates itself within a sociological tradition of enquiry when applied to the field of IR. And as we shall see, a more sociological investigation into the realm of governance can do much to overcome some of the conceptual shortcomings found in the governance literature, with its focus on macrolevel institutions, statist centrality and its inability to account completely for the inherent dynamism of global social processes and practices.⁷²²

In opposition to this idea, the current research suggests that there is not a "global political rationality" and therefore, there is no one thing that can be called "global governmentality" because international space is structured by the interaction of national political rationales. While the "older" states and those more powerful impose their own rationality to meet its internal mechanisms veridiction, global space is also complemented by the perspective delivered by less powerful states, such as the Latin American ones. The neoliberal rationality does not apply in developed and developing countries alike.⁷²³ The best approach is to say that there is an outward practice of governments that creates new institutions at international level and that reinforce domestic neoliberalism.

⁷²² Deuchars, 2004

⁷²³ Vrasti, 2013

This research has also shown that neoliberalism in Latin America has not always been imposed all the way down. This study is an example of how governmentality at global level is building since the domestic subjectivity of Latin America and the idea of development, and how this is reinforced by the “mentality” of international trade guided by an embedded liberalism. This is a vision contrary to the top-down vision of the governmentality.⁷²⁴ In the example of Latin America and its participation in the G77, it is possible to observe that the Latin American country is self-regulated at domestic level in order to fulfil the requirement of the international trade and in the final aim to achieve its neoliberal rationality.

Foucault works with practices instead concepts. In other words, the Foucauldian methods were appropriated to connect concepts that do not have a “unique” understanding, such as neoliberalism or development.⁷²⁵ Given that Foucauldian methods are centred on the questioning of historical truths that support the veracity of concepts, the examination of these historical truths allows researchers to identify the “origin” of ideas, and consequently it brings the opportunity to trace the relationship between Latin American participation in the G77 and neoliberalism.

In a general perspective, the methodological framework used in this research has been a suitable way to respond to the research question. Through the Foucauldian analysis it has been possible to establish the genealogy of the Latin American coalescence and to determine its relationship with neoliberalism. Likewise, this study of Latin America in the G77 has allowed the establishment of new concepts regarding development in Latin American states and its relationship with the deployment of neoliberalism. The Foucauldian approach used in this research has been a resourceful method to address understanding of developing countries’ practices in international politics. Likewise, the use of discourses made this thesis more oriented to practical foundations of neoliberalism than only to its theoretical foundations.

Moreover, this methodological approach has allowed work with discourses from coalitions that represent a category of countries involved, such as developing countries. Since the thesis presents a view from Latin America, it contributes to the discussion on

⁷²⁴ See: Weiss, Forsythe, Coate & Pease, 2016

⁷²⁵ de Mancera, 1997

the creation of non-Eurocentric international relations. This is important mainly because mainstream IR scholarship has, for the most part, been focused on Europe⁷²⁶ and the US.

The main strength of this method is the use of discourses as antecedents to explain political situations, which is a suitable form to introduce archive sources into the analysis. According to this research, the methodological approach used to understand coalitions and the use of discourses from the United Nations is a suitable alternative to address other problems in international politics. Hence, the use of archives arises as a good opportunity to make practical research in diplomacy. This methodology could be useful to understand more fully the concepts that promote an analysis of the international system and the relationship between state actors and particularly the United Nations.

Moreover, this perspective, in contrast with others used in international relations studies is an interesting way to merge perspectives in political analysis. For example, the results of this study are associated with claims established by historical sociology because it generates a representation of the international space in which participation is part of coalitions of the Latin American states. Using the words of Mill,⁷²⁷ this research attempts to capture the “sociological imagination” that includes structures, history and the “biography” of states in its analysis. Thus, this research suggests that there is an international social structure that is formed by the vision of national social structures, which includes the historical perspective. The “biographical” perspective then becomes the discourse of state, as a way to emulate the individual.

The Foucauldian analysis is attractive to enrich other methodologies used in politics and international relations. For example, these methods can complement the analysis produced by mathematical models, game theory, the “rational choice” public choice, or optimisation, among others. It can give them a theorist’s sense about what is important to evaluate, and enable progress towards concrete ideas for the best parameters selection to be analysed. However, although the way the methodology was applied is useful to generate results regarding global structures in which governmental practice is located, it would be necessary to define a more accurate method to propose results at the national level, such as perspectives about the internal structures of governmental

⁷²⁶ Lawson & Shilliam, 2010

⁷²⁷ In Hobson et al., 2010

collaboration between countries. Likewise, this methodology will allow understanding of the international structure that creates international development and global growth. This critical approach would allow more thorough analysis of devices on which current governments take decisions internationally, beyond their isolated actors or international events. Since this study sheds light on the global structure within which the different countries are formed, an extensive use of this methodological approach will allow a better understanding of the distribution of global power.

The Foucauldian analysis using coalitions of developing countries as a practice of analysis could be useful to deepen understanding of the category of developing country, the North-South division and its relation to the distribution of global power, a matter on which authors have shown alternately for or against.⁷²⁸ Indeed, Najam⁷²⁹ argues that the South should not be a real concept for analysis, while Williams⁷³⁰ poses the South as an area of research in itself, grouping countries within an analysable category as a whole. The use of Foucauldian methods is recommended to address South-North matters because it is focused on practices, and hence avoids the problem of the differences and similarities between countries, which leads to finding points of integration and consistency in the investigation. Also, these methods allow the integration of other ideas into the research, such as the international neoliberal rationality. In fact, from the perspective of the involvement of a government in a coalition of developing countries and their similarities with developed countries, it is possible to identify elements that build the neoliberal rationality of states, such as the need for global enrichment through of a perpetual trade.

Finally, the use of the coalition as an area of research can help understanding of the modern state as an international construct that appeared in the globalisation era. Indeed, the relevance of categorisation by types of countries in the international economic structure and its relation to the production of natural resources raises new questions about how the multilateral structure is maintained and the role of this in the neoliberal rationality that comprises it. It also raises questions about how the rationality of the state

⁷²⁸ Krasner, 1989; Miller, 1992; Miller, 2000; Berger, 2004; Williams 2005; Pilar Bueno, 2013

⁷²⁹ Najam, 2005

⁷³⁰ Williams, 2005

is being built in the interaction with other states and how this interaction affects the global rationality and its structures.

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7. ACRONYMS

ALCA	Area de Libre Comercio de Las Americas
BASIC	Group of Brazil, South Africa, India, China
BRIC(S)	Group of Brazil, Russia, India, China
ECLA (CEPAL)	United Nations Economic Commission for Latin America
ECOSOC	United Nations Economic and Social Council
FAO	Food and Agricultural Organization of the United Nations
GATT	General Agreement on Tariff and Trade
G7	Group of Seven
G77	Group of 77
G20	Group of Twenty
IBRD	International Bank for Reconstruction and Development
IBSA	Group of Brazil, South Africa and India
IIRSA	Initiative for the Integration of the Regional Infrastructure of South America
IMF	International Monetary Fund
ITO	International Trade Organization
MERCOSUR	Mercado comun del sur
NAM	Non-aligned Movement
NATO	North Atlantic Treaty Organization
NIEO	New International Economic Order
OCDE	Organisation for Economic Co-operation and Development

OAS	Organization of American States
OPEC	Organisation of the Petroleum Exporting Countries
TIAR	Treaty of Reciprocal Assistance
UK	United Kingdom
UN	United Nations
UNCCURR	Scientific Conference on Conservation and Utilization of Resources
UNFCCC	United Nations Framework
UNGA	United Nations General Assembly
UNCTAD	United Nations Conference on Trade and Development
US	United States
WB	World Bank
WTO	World Trade Organization